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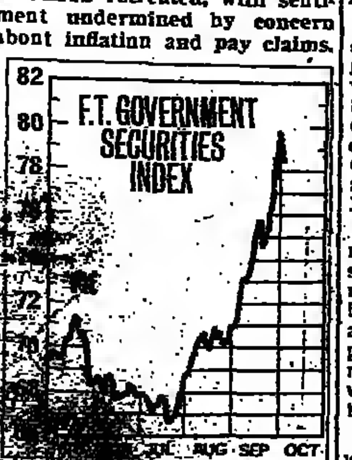
NEWS SUMMARY

BUSINESS

Setback in gilts; equities off 7.3

● GILTS retreated, with sentiment undermined by concern about inflation and pay claims.



...overnment Securities ...

● ... were also lower ...

● STERLING ... points against ... $1.7555 ... index ... improved ... Dollar's ... rowed to ... per cent ... Japanese ... holds down the ...

● GOLD ... 125.

● WALL ST. ... 6.59 at $15.46 ...

● U.S. TREASURY ... this week's ... ($5.9bn) ... ment improved ... month ... Page 4

Scanlon ... to join NEB

● MR. HUGH SCANLON ... engineering workers' ... is expected to be appointed a part-time member of the National Enterprise Board. ...

● BRITISH STEEL ... close its Clydebridge ironworks ... ing a voluntary ... agreement with the ... Back Page.

● CHEMICAL industry in West Germany appears to be ... a thin time, with ... ing a drop in sales ...

● LANCASHIRE ... ners' appeal for ... against cheap imports ... rejected by the ... Page 10

● SKYTRAIN earned Laker Airways £30,000 net ... per cent of turnover in its first week. Page 18

● CBI wants the Government to cut personal taxation to help small business enterprises. Page 18

● COUNCIL HOUSE building declined further in August and was well down on a year earlier. Page 18

● MORPETH steering group will not publish revised inflation accounting proposals later this year, after all. Back Page

● STOCK EXCHANGE turnover rose by more than a third last ... a new record of ... Page 28

COMPANIES

● SEARS Holdings increased ... pre-tax profit to ... (£14.93m.). Page 28

● THOMSON ORGANISATION ... lower pre-tax profit of £4.97m. (£5.31m.) in the first half. Page 24 and Lex

● PIONEER CONCRETE plans one-for-eight free scrip issue after a 46 per cent. rise in earnings. Page 31

General

...nata Government has ... the Delhi High Court ... the unconditional ... Indira Gandhi, ... Minister, ... released after ... was ... hold her ... outside ... ere had been fighting ... demonstrators protest ... Mrs. Gandhi's arrest ... had to use tear gas ... order. Back page

...k row

... has erupted in the ... Cabinet over the ... made by certain ... Ministry officials to ... that Japan would not ... the extradition of the ... who arrived there ... aboard a hijacked air... ... to a senior ... official the terrorists ... being held by the ... security forces. Page 6

...ate 'too slow'

... Western delegates ... Belgrade have ... that little had not pro... ... enough in the two ... the Helsinki Agree... ... signed. They called for ... measures to increase ... confidence between the ... Page 4

...st deported

... Slevin, head of the ... Order in Rhodesia ... be had personal ... atrocities committed ... civilians by Rhodesian ... and black Nationalist ... has been deported ... hodesia ...

... meeting

... Soviet—the Soviet ... Parliament — which ... four-day session yester... ... to vote in a new constitu... ... appoint a deputy to ... Leonid Brezhnev.

...ention move

... terrorist measures, under ... suspects can be detained ... to seven days without ... are not to be renewed ... Irish Government when ... expire on October 16. ...

...ker manager

... Denness, former England ... captain, has signed as team ... for Jerry Packer's world ... series. Meanwhile, in ... High Court, Mr. Packer has ... that the governing bodies ... English and international ... are being used to fight ... over the pro...

... has been ... to have a ... of the ... removed, ... expected to be out of ... for about six weeks.

... Grimond has given up his ... energy spokesman for ... Liberal Party.

... of Oxford, Dr. Kenneth ... Combe (53) plans to resign ...

... Motor Company is being ... for $10m. by a 62-year-old ... who claims the company ... doned him in Russia more ... 40 years ago. He had been ... ing on a Ford project when ... arrested and jailed for ... years.

... London Council is plan... ... to raffle another 200 houses ... tough the second ... of ... homestead lotteries ...

... emergency meeting is to ... by Stockport Council ... an effort to ... ... march by the National ... the following day.

PRICE ... YESTERDAY

Treas. 12pc '95 (£20 paid)	540 — 21
Adwest	255 — 8
BATs Dfd.	222 — 8
Bibby (J.)	173 — 7
British Home Stores	220 — 13
Cape Inds.	134 — 11
Common Bros.	211 — 7
Compton (J.) Sons and Webb	26 — 10
Currys	160 — 24
Glaxo	612 — 10
Grattan Warehouses	144 — 6
Racal Electronics	225 — 15
Rank	240 — 12
Common Org.	210 — 15
Tilbury Contracting	235 — 30
Tilbury Invs.	253 — 7
Wholesale Fittings	228 — 8
(U.K.)	280 — 10
Anglo American Crp.	285 — 7
...	195 — 9
...	126 — 5

Callaghan warning on unjustified pay and price rises

BY RICHARD EVANS, LOBBY EDITOR, in Brighton

The Prime Minister called on both sides of industry yesterday not to undermine the Government's efforts to reduce inflation to single figures next year by supporting unjustified wage or price increases.

Speaking at the Labour Party conference *against the background of the Ford pay claim*, which Ministers regard as an extremely sensitive and potentially damaging one, Mr. Callaghan emphasised the need for both employers and trade unionists to abide by the pay code limit of 10 per cent.

Although Mr. Callaghan did not mention the Ford talks specifically, Ministers recognised it rather would be the first big test of the voluntary policy, and any settlements above 10 per cent. would mean a major rethink of the pay policy, on which the Premier's election strategy is based.

Reports that the Government was about to give the go-ahead to Fords to settle for 13-14 per cent. were categorically denied here, but it was accepted privately that there were no final sanctions that Ministers could use against a company as powerful as Fords.

The Prime Minister's appeal to both sides of industry for restraint was aimed not just at Fords and other companies now in pay talks, but at those taking part in negotiations throughout the coming year.

Economic Ministers are pointing out that the success of the wages policy has so far surpassed expectations, but that a breakthrough at this stage in a pace-setting settlement could *unleash excessive wage claims* throughout industry and wreck prospects for curbing inflation.

The Premier, in a confident speech in which his major themes were continuing restraint on wages and a call for party unity, said he would do all in his power to prevent a wages explosion. He admitted, however, that there was a limit to what the Government could do unless it won the battle for public support.

"There are no short cuts but there is a road ahead," he declared. "*In the end the people will decide.* Meantime I say to both sides of industry: Do not support us with kind words and then undermine us either through unjustified wage increases or price increases. Either back us or sack us."

Every negotiator knew that if the first wage settlements in the current round started well above 10 per cent., that would set the pattern for the whole year.

"It is as plain as a pikestaff that the level of wages enters into export prices, and if one goes up, the other will follow automatically; and the end of that road is that Britain becomes *uncompetitive once more.*"

Mr. Callaghan said that inflation would continue downwards only if employers behaved responsibly about price increases and if wage and salary earners were content with moderate increases.

He hammered home the message: "Let me repeat. A 10 per cent. increase in national earnings means a lower rate of inflation in 1978 than we have enjoyed for several years. More than 10 per cent. means that inflation will go up once again."

To those who said "No way will the country accept 10 per cent." the reply was "then no way will you stop prices" or

Continued on Back Page

Left dominates NEC poll

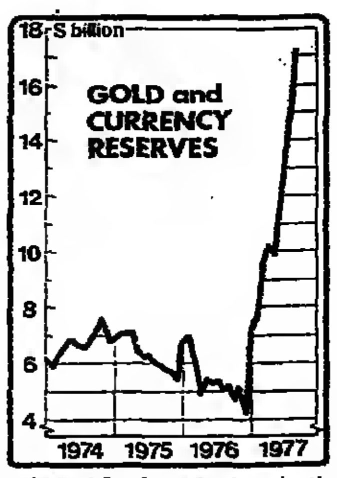
The elections to Labour's National Executive Committee produced no significant changes. The Left maintained its dominance. Efforts to unseat Left wingers in the women's section failed because of a change of mind by the Transport and General Workers Union delegation.

Dr. David Owen, Foreign Secretary, stood for the first time. He was not elected, but secured a respectable total in his efforts to gain a firmer party base. Conference report Page 20.

Reserves leap to $17.17bn. record level

BY MICHAEL BLANDEN

BRITAIN'S *official reserves* leapt again last month by $2.23bn. to a record total of $17.17bn. as a result of the continued strong foreign demand for sterling and further official borrowing abroad.



The rise was the second biggest on record, topped only by the exceptional $3bn. jump in January after the first drawing on the U.K.'s credit facility from the International Monetary Fund.

It followed an increase of $1.43bn. in the previous month, and took the reserves to a level over four times the total at the end of last year, when the U.K. was concluding the IMF loan.

The figures underline again the remarkable turn-round in foreign confidence in the U.K. which has taken place over the past year. They also highlight the continuing debate over the possible need for further measures to discourage inflows of funds on the scale which has been seen recently.

Abroad

Part of last month's increase was accounted for by public borrowing abroad. The Government drew the final $400m. on its $1.5bn. Eurocurrency loan announced at the beginning of the year, and there were other inflows of $151m. from public sector borrowing under the exchange cover scheme.

This still left a total underlying increase of $1.77bn. and though this figure may have been affected by other undisclosed movements it is clear that it largely reflects a further substantial inflow of funds into the U.K.

The main factor in the increase in the reserves has been the continuing official policy of holding the pound stable in relation to other currencies, which has required consistent and sometimes substantial intervention by the Bank of England to hold the rate down.

As a result of this policy, the value of sterling in relation to a basket of other currencies has remained steady during the month, with the official trade-weighted index edging up at one stage to 62.5 but ending as it began the month at 62.3.

With the dollar weakening sharply in the last few days, the pound has risen against the U.S. currency to its highest levels for over a year. As the reserve figures were made up on the basis of last Wednesday's position, however, they will not fully reflect the inflows at the end of last week.

Yesterday, the dollar showed some recovery, with the pound slipping by 4 points to close at $1.7555. The index, however, moved up to 62.4.

There are some indications that the bulk of last month's inflow of funds took place in the early part of September. This was before the authorities allowed the renewed drop in the level of short-term interest rates which took the Bank's minimum lending rate down in two stages from 7 to 6 per cent.

In the later part of the month, attention in the markets switched to the longer end, with a heavy inflow into gilt-edged stocks bringing sharp price rises. The market reported that this included strong overseas buying, though it is possible that some of the demand was simply switching of existing short-term holdings in London into longer-term investments.

The official response to the inflows, to hold the pound down, has reflected mainly concern over the need to maintain the competitiveness of British exports, though there may also be some anxiety that at least part of the funds coming into the U.K. have been of a volatile nature and could flow out again if confidence slipped.

There has, however, been growing speculation in the City that further pressure, particularly as the U.K. current account improves, could force the authorities either to allow the pound to rise or to ease exchange controls on outflows of funds.

The pressure for further action could be increased if the inflows appeared likely to contribute to a renewed sharp rise in the money supply, though the signs are that at present this is not a major source of concern to the authorities.

The sharp rise in the reserves, however, will certainly be a major issue when the U.K.'s external borrowing position comes up for review next month, when an IMF team is due to come to London for talks with the Treasury. It appears increasingly likely that Britain may draw no more than the $350m. due in late November of the $3.9bn. IMF facility; so far a total of $1.9bn. has been taken up.

Carter Mid-East peace initiative

BY DAVID BELL

WASHINGTON, Oct. 4.

SAYING THAT a new strategic arms agreement with Russia is now in sight, President Carter to-day personally took the initiative at the United Nations in the intensive American attempt to clear the way for a new Geneva peace conference on the Middle East.

In a major speech, much of which was devoted to the dangers of nuclear proliferation, President Carter sought to reassure Israel that "the commitment of the United States to Israel's security is unquestionable."

But he repeated the Administration's view that the "legitimate rights" of the Palestinians must be recognised and defended the week-end joint U.S.-Soviet statement on the Middle East, which has caused an outcry in Israel and among Israel's friends in the U.S.

Mr. Carter gave few details of the shape of a new arms agreement but said that we "are in sight of a significant agreement in limiting the total number of weapons and in restricting certain categories of weapons of special concern to us."

The U.S. was willing to go much further in reducing such weapons in the future. "On a reciprocal basis we are willing now to reduce them by 10 per cent., by 20 per cent., even by 50 per cent."

Self-defence

As evidence of American good faith, he went on: "I hereby solemnly declare that we will not use nuclear weapons except in self-defence—that is in circumstances of an actual nuclear or conventional attack on the United States, our territories or armed forces or such an attack on our allies."

The president was due to meet later to-day with Mr. Ismail Fahmi, the Egyptian Foreign Minister, and with Mr. Moshe Dayan, the Israel Foreign Minister.

The meeting with Mr. Dayan had been scheduled for tomorrow, but it is clear that the Administration is now trying to put the maximum pressure on Israel in the hope that there can be agreement on a new Geneva conference.

It was clear from his speech that the American delegation is preoccupied with the Middle East. Choosing his words with care, Mr. Carter said that UN resolutions 242 and 338, which were not mentioned in the U.S.-Soviet declaration, provide the basis for peace in the Middle East "but negotiation by all parties in good faith is needed to give substance to peace."

Further, Israel, which had won America's deep support for its

Continued on Back Page

Japan hopes for new steel pact with U.S.

BY DOUGLAS RAMSEY

TOKYO, Oct. 4.

OFFICIALS of Japan's Ministry of International Trade and Industry (Miti) are hopeful of eventually achieving an orderly marketing agreement with the U.S. under which exports of steel to the American market would be restricted.

It remains unclear, however, whether Japan is at this stage willing to launch an initiative or whether it will await a move from the U.S.

In the meantime, the steel industry here is upset with the U.S. Treasury Department's decision to slap a preliminary dumping penalty on Japanese sales of carbon steel plate in the U.S.

"We saw it coming," the ministry said to-day in reference to last Monday's decision by the U.S. Treasury in the dumping case filed by a small U.S. maker, Gilmore Steel Corporation, against five of Japan's six integrated steelmakers (the smallest, Nissbin Steel, is excluded). This could be the of more wide-ranging restrictions.

Under the terms of the preliminary ruling, which must be confirmed within 30 days and then made final within three months by the International Trade Commission, exporters of carbon steel plate from Japan must pay a dumping "bond" in place of a customs duty, worth about 32 per cent. of the shipment's value on entering the U.S.

Carbon steel from the five companies affected — Nippon Steel, Kawasaki Steel, Nippon Kokan, Sumitomo Steel Industries and Kobe Steel — accounts for only about 40 per cent. of Japan's steel exports to the U.S.

Angry

But the companies and the Ministry fear that the U.S. Treasury finding may set a precedent for accepting the terms of a U.S. steel complaint, filed a fortnight ago, which alleges dumping of five other steel products (including hot and cold rolled steel).

Those products account for about 54 per cent. of Japan's exports to the U.S., and nearly three-quarters of U.S. imports from the big Japanese steelmakers (including Nissbin Steel).

The Ministry and the steelmakers are angry that the U.S. Treasury department has, for the first time, used Paragraph B of Article 205 in the U.S. anti-dumping code, revised in 1974, which, Tokyo says, could be used to label every instance of imported steel as dumping.

Put simply, the Japanese claim that Article 205 lets American trade officials "artifically" determine the production costs of Japanese steel companies (since the companies refuse to supply such figures on the grounds that the figures, like IBM's production costs, are confidential).

Thus, by contrasting this "assumed cost" (that is, assumed costs of materials, labour, factory overheads, 10 per cent. administrative and selling costs and 8 per cent. profit) with prices posted in the U.S. market, it lets U.S. Treasury officials claim that Japanese steel is being sold at less than cost.

"Almost every American steel company would be found guilty of dumping if those criteria are used," a *Miti official* said to-day.

The Treasury Department's preliminary finding in the Gilmore case, however, stands out as a notable departure from past policy and, according to some in Japan's steel industry, is a signal that the Carter administration now may shift its position and, rather than uphold dumping charges on the basis of Article 205, move firmly in the direction of an export restraint agreement.

Steel town in decay, Page 8
Japanese financing, Page 21

Leyland warns its workers

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

LEYLAND CARS has written to its 100,000 manual workers warning that industrial disruption is threatening the survival of the company in its present form.

This is clearly intended to press the trade unions to accept the proposed package of industrial relations reforms.

Transport and General Workers Union shop stewards, who will meet at Eastbourne tomorrow, are expeted to reject the deal for the second time.

The State-owned concern is desperate to get early agreement to head off the growing *militancy* in its plants over pay and differentials. The major fear is a strike threatened by toolmakers *from October 28*.

The company said in its letter that continued disruption would mean "we will move inevitably *towards a smaller* Leyland Cars with all the effects on jobs which that will have."

The cash flow crisis in Leyland is so serious that it was forced to draw £50m. from the National Enterprise Board merely to pay wages and salaries.

Unless the company enjoys sustained output it will not generate the funds needed to continue its investment programem.

The serious cash crisis is delaying the placing of much-needed machine tool orders.

The £100m. foundry modernisation programme has also been put back. A £250m. plan to double output of the successful Range Rover and Land Rover is already regarded as unrealistic.

The LC 10, the new middle-range car planned for Cowley, could be another casualty. No decision on this will be necessary for six months.

Leyland is pressing ahead with the £280m. project to build the replacement Mini. Further delay would mean the end of that scheme. *The company is* convinced that it must remain in the volume car market if the British motor industry is to survive.

Studies by Leyland show that much-canvassed options—such as concentrating resources on the luxury Jaguar and Rover marques—would lead to a rapid rundown of operations.

Improved industrial *relations* are regarded as the key to a Leyland revival, but the company recognises that a re-*organisation of its management* and reporting structure might be needed.

LOMBARD

A French model to be avoided

BY GEOFFREY OWEN

IN SEEKING to explain why other countries have been more successful economically than the U.K., it is tempting to seize on institutional differences and to assume that if only, say, the French system of indicative planning could be transferred across the Channel, all would be well. In industrial policy, especially, France has often been regarded as the model of how to use the power of government to promote the competitiveness of industry. The Department of Industry's selective assistance schemes, the sectoral working parties, the concept of planning agreements — all owe something to the French example. But has French industrial policy really been so effective?

Failures

People in this country complain about the amounts of money wasted on successive attempts to revive the British motor-cycle industry but this hardly compares with the spectacular failure of le Plan Calcul, designed to established a powerful French presence in the world computer industry. Vast sums were spent to little effect and in the end a partnership (or, as some would say, a sub-contractor relationship) had to be formed with an American company. Much the same happened with nuclear power, where the French reactor system had to be abandoned in favour of an American design. In aircraft, despite remarkable successes by Dassault in the military field, the pursuit of an exclusively French solution has brought the industry to a very difficult situation. Steel is another sector where the Government played a major role in financing new investment and in restructuring the companies around two large groups, but the continuing weaknesses of the industry have been made all too apparent by the present recession.

Part of the reason for these failures, it seems, is that the planners were working to too nationalistic a framework; they were too inward-looking and paid insufficient attention to the world market in which the chosen French companies would have to compete. That, at least, is the view of one critic, Professor Alain Flotta of Paris University, whose suggestions on the future direction of French industrial policy have just been published* by the Ministry of Industry. For a British reader the document is especially interesting, partly because it shows the rather limited achievements of French industrial policy so far, and partly because the new style of intervention which it recommends is remarkably similar to some current thinking in the U.K.

The idea is that the Government should identify those sectors or sub-sectors where an improvement in French competitiveness will have the most marked effect on the nation's economic objectives—full employment, balance of payments equilibrium and so on. These sectors will normally be found in industries which have a high added-value, such as electronics and mechanical engineering, but in some cases, like food processing, France may have a potential comparative advantage (because of her agricultural resources) which is not being fully exploited.

In most of the sectors likely to be selected for special attention the world market tends to be dominated by a handful of large enterprises, often American or Japanese in ownership. Where there is already a French member of the oligopoly (as, for instance, Michelin in tyres), the Government should do everything possible to reinforce its position. Where there is no French participation, the Government should try to identify the company which, given suitable support in the form of finance, contributions to research, assistance in international negotiations and so on, could force its way into the club; this may often involve encouraging the chosen company to acquire other firms in the same line of business, so that it can achieve the necessary international stature.

Climate

All this would require, among other things, a change in the training and background of civil servants and an enlargement in the powers and responsibilities of the Ministry of Industry. But, even with these changes, would it work? No doubt France, like the U.K., would be better off if more of her companies were international leaders in their fields. Are these leaders more likely to emerge as a result of micro-economic intervention by the State or by creating a general economic and industrial climate which encourages entrepreneurial skills? The U.K.'s experience of intervention at the level of the individual firm does not make one enthusiastic about Professor Flotta's prescription.

*Le Redéploiement Industriel, published by La Documentation Française, price Frs. 40.

RACING — BY DOMINIC WIGAN

Cashel to test its Best

THAT MUCH vaunted Irish juvenile, Try My Best, rated by Vincent O'Brien and his astute assistant John Gosden as the best juvenile at Gasbel, definitely will be putting his reputation on the line in next week's Dewhurst Stakes at Newmarket.

This Group One event on the Rowley Mile Course has been won by such illustrious two-year-olds as Nijinsky, Mill Reef, Grundy and The Minstrel in recent seasons and it will be fascinating to see if Try My Best (already 6/4 favourite for both the 2000 Guineas and Derby) proves up to following in the footsteps of this quartet which produced the blue ribbon winners of 1970, 1971, 1975 and 1977.

Try My Best, like Nijinsky and The Minstrel, a son of that phenomenal sire, Northern Dancer, has won both his races in the emphatic style confidently expected of him.

An unchallenged winner of a weakly contested maiden event at Phoenix Park, Try My Best won there with such authority that several intended starters for his second race, Leopardstown's Larkspur Stakes, were scared away and he was again left with little to do.

Try My Best proved equally efficient in the Group Three Larkspur Stakes and what seems certain to be a big Newmarket crowd will be hailing him as O'Brien's 1978 "classic banker" if he wins in the style expected of him.

However, as Peter Walwyn pointed out at Newmarket last week, it will take a more than useful display by the Irish raider to displace his own Derby hope, Formidable, from the top of the British Free Handicap.

Still on the subject of O'Brien's hand for 1978 Alleged—a possible contender for next month's Washington D.C. International—will remain in training so as to be prepared for next year's King George VI and Queen Elizabeth Diamond Stakes and then, it is hoped, for another tilt at the "Arc."

This afternoon at Lingfield, where racegoers face something of an endurance test with racing until 6 o'clock, I shall be interested to see if Saros can win the 1½-mile Croydon Stakes.

Saros is a long way short of the expectations held of him by Walwyn after he had chased home The Minstrel in last year's Dewhurst, but he has run several respectable races and gained an overdue win in modest company at Brighton last week.

It will be disappointing if the Seven Barrows colt fails to give 5 lbs to the moderate Balteus, who is much preferred to the remaining two, Burnished Light and Doon Silver for the forecast.

LINGFIELD
2.00—Chinese Light
3.00—Main Event
3.30—Saros**
4.00—Burley**
4.30—Crowning Moment
5.30—Hugo di Tours*

SALEROOM — BY ANTONY THORNCROFT

'Finest' prints sell for £460,770

THE FINEST private collection of 19th century and modern prints in the country was disposed of at Sotheby's yesterday for £460,770, almost £100,000 more than expected. It had belonged to Sir Rex de C. Nan Kivell, who died earlier this year. He had acquired many of the 300 plus prints for a few pounds.

The highest price was the £29,000 (plus the 10 per cent buyer's premium) for a folio of 10 zincographs by Gauguin, which more than doubled their forecast. They were bought by a private English collector who also acquired the next two top lots.

A lithograph by Bonnard, Paravent a Quatres Feuilles, which spreads over four sheets of paper, went for £26,000, an auction record for a Bonnard print, and an etching by Paul Klee, Komiker—Inv. 4, previously unknown, sold for £15,500.

F. Mulder paid £15,000 for a Gauguin woodcut Te Faruru—Ici on fai l'amour; Alice Adams the Chicago dealer secured Miss Loie Fuller, a lithograph by Toulouse-Lautrec for £15,000; and Dites Helm, a Swiss dealer paid £11,500 for Au Moulin Rouge, also by Lautrec.

There was fierce bidding between American, Swiss and British dealers and only five per cent. was unsold.

Autograph letters and historical documents were on a more modest scale, totalling £22,424. Pickering and Chatto paid £1,500, more than double the estimate, for a collection of more than 600 letters written to the artist Cruikshank by authors and editors.

The RAF Museum acquired the original flight record book of Air Transport and Travel Ltd. recording the first commercial cross-channel flight in 1919, for £600. A 1665 letter about the Great Plague, which was expected to fetch around £25, sold for £400.

Sales at Christie's are also picking up steam — watches, clocks and musical instruments making £123,838 and coins and decorations, £76,049. Best price among the clocks was the £7,200 (plus the 10 per cent. buyers' premium) from K. Davies, the London dealer, for a German gilt metal table clock by Jacob Wideman.

Other good prices were the £4,500 for a gold watch incorporating Berrolla's repeating work sold to Blenheim Antiques; £4,200 from Brocklehurst, another London dealer, for a George I ebony repoussé striking bracket clock by Dan. Delander; £3,200 from Bobinet for a George I walnut longcase clock by James Blackbrow; and £3,000 paid by Blenheim Antiques again for a gold consular case pocket chronometer.

A gold coin found in a Selby, Yorkshire, garden in February sold for £1,100 to Baldwin at the coin sale. It turned out to be a stater of from 50-100 AD, part of the coinage of the Coritani, an ancient British tribe.

Part of Paravent a Quatres Feuilles, a lithograph by Pierre Bonnard, which went for £26,000, an auction record for a print by this artist.

A Victoria proof specimen set of 1893 realised £3,100 and a rare Edward V groat sold to Spink for £2,600. Two George V proof specimen sets of 1911 both sold for £2,100, one to Hardiman, the other to Bord.

GARDENS TO-DAY

Virginia Creepers by other names

BY ROBIN LANE FOX

HOW DOES ONE buy the best Virginia Creeper? This is not an infrequent question and whenever I think I have answered it, the reply comes back that the variety I name has been tried already and has only been willing to creep, not to climb. Why do some of them go upwards of their own accord, while others fall forwards and insist on netting, wires and those soft-headed wall nails which are too soft to be hit with a hammer unless you are ready to hit your fingers too?

Never buy an odd lot labelled "Virginia Creeper," not even if it has the usual patter about Victorian conservatories, the splendour which falls on old castle walls or, simply, the fastest screen on earth for twentieth century modern homes. Aesthetics apart, you might be buying Parthenocissus Inserta, which is pretty but likes to entwine itself.

Most probably you will end up with a tough one which trades under three names. I am sorry to bother you with this, but garden centres and plant stalls are still varying the name and requiring you to keep your wits about you. Parthenocissus Tricuspidata is the correct botanical title, also sold as Vitis Inconstans or, worst, Ampelopsis Veitchii. If you see it, ignore it.

New house

It climbs, certainly, and it clings like a stranger at a cocktail party. But it has those big, boring, three-pointed leaves (hence the name Tricuspidata) and colours to a reddish pink in early autumn, which does not improve the brick walls of the fire stations, sanatoria or public records offices on which it is often found.

If you have bought a large house of the date which agents now class so skilfully as "between-the-wars-period," hyphens and all, you could rely on this horrible creeper as a thick cover to the very top of your horrible north-facing eaves. It will run up three storeys without looking back.

The one with five points to each leaf is quite another matter. It should be sold as Parthenocissus Quinquefolia and deserves to be named the true Virginia Creeper. Its leaves are prettily shaped and turn a deeper red in early autumn, usually by the third week in September.

Try to look on this early season cheerfully. It does not mean that winter is already with you, although you must be wondering when it ever left you this year if you live in a landscape of old elm trees. It allows you to match the red in your Virginia Creeper with a blue Michaelmas Daisy, the deep blue-purple Eventide or the pale blue Aster Frikartii, that excellent hybrid with a long season of flower. It is one more source of a deep red colour, useful too in a border.

Brilliant red

I have seen this Virginia Creeper placed at intervals down the flowerbeds of an impatient gardener and trained up a tripod of canes and where it would turn a brilliant red and draw the attention in early September when the bedding plants were past their best.

You have to cut it [illegible] if you use it in this way [illegible] ably trimming it [illegible] year. For it would [illegible] cover a shed or a garage [illegible] ing to a wall as soon as [illegible] have helped it to make [illegible] for the first six months or so after planting.

Whenever gardeners [illegible] that these creepers [illegible] hold to the wall [illegible] judging them too [illegible] ing with the wrong [illegible] improve the [illegible] leaved creeper at first [illegible] it soon clings [illegible] surfaces.

If you are [illegible] the prettiest [illegible] family, Parthenocissus [illegible] Vitis Henryana [illegible] patient. This [illegible] I will describe [illegible] two years before [illegible] on a vertical [illegible] if you have [illegible] while and let [illegible] it will [illegible] It can be [illegible] a carpeting [illegible]

[illegible] plant which will [illegible] But it [illegible] Not-ds, I think this is the prettiest of the family [illegible] its leaves [illegible] shaded wall [illegible] to water the [illegible] lime. [illegible] young, these [illegible] dish purple [illegible] I would not [illegible] garden wall [illegible] climber [illegible] Rather [illegible] Virginia Creeper consider it too [illegible] is marvellous, and does not cling [illegible] other of its relations.

Big [illegible]

[illegible] plant for [illegible] especially for the [illegible] gardens which need [illegible] of a screen. It is [illegible] colour, first a pi[illegible] then the deepest [illegible] which is so commonly [illegible] a plant for [illegible] but I think it [illegible] choices for [illegible] needs to be [illegible]

There are no [illegible] not even those [illegible] blue-black [illegible] varieties of the [illegible] Ampelopsis [illegible] ground [illegible] tantalised [illegible] appointed with [illegible] avoiding Ampelopsis [illegible] five leaves [illegible] you will, [illegible] ing the best [illegible] variable [illegible] Virginias.

APPOINTMENTS

Brockhouse chairman change

Mr. A. C. Davis has retired as chairman of BROCKHOUSE and has been succeeded by Mr. R. J. H. Parkes, deputy chairman and managing director. Mr. David Ashley, marketing manager, has been appointed marketing and planning director of the general engineering division of the Brockhouse group. Mr. Robert Edge, manufacturing manager of the division has become managing director of Brockhouse Transmissions, one of the four constituent companies.

★

Mr. Vere Harmsworth has been elected vice-chairman of DAILY MAIL AND GENERAL TRUST and Mr. E. D. A. Ram has been appointed a director.

★

Mr. Kenneth H. Coates has been appointed managing director of FLIGHT REFUELLING, principal operating company of the Flight Refuelling Group. He also joins the Board of Flight Refuelling (Holdings), the group's main Board.

★

Mr. Anthony Kershaw, Conservative MP for Stroud, has been appointed a director of COMMON BROTHERS OVERSEAS, a company recently created in the Common Brothers Group.

★

Mr. Robin Goodison, deputy chairman of the CIVIL AVIATION AUTHORITY has retired but continues as a consultant.

★

Mr. Richard Findlay has become managing director of RADIO FORTH.

★

Sir Paul Reilly has joined the Board of the BUILDING TRADES EXHIBITION.

★

Mr. L. E. Rowan Bentall, chairman and joint managing director of Bentalls, is chairman elect of the new Kingston branch of the INSTITUTE OF DIRECTORS.

★

Mr. S. Priedland has been appointed a director of SCHLESINGER.

★

Mr. David Llewellyn has been appointed deputy chairman of the NATIONAL BUILDING AGENCY by the Secretary of State for the Environment. He replaces Mr. John Bedford, who retired from the deputy chairmanship and the Board in June. Mr. Llewellyn has been on the NBA Board since 1968 and is joint managing director of the Llewellyn group.

★

Mr. Brian Cash has been appointed a director of the BELFRY GOLF AND COUNTRY CLUB (SUTTON COLDFIELD), a subsidiary of Bllerman Lines. He remains chief executive of the company.

★

Mr. G. A. Berry has become company secretary of HIGH DUTY ALLOYS FORGINGS with responsibilities as financial controller. Mr. D. W. Smith has been made chief accountant. Hawker Siddeley is the parent concern.

★

Mr. W. D. Slinn has been appointed managing director of CAPPER-NEILL PLASTIC FABRICATIONS, the new subsidiary of Capper-Neill.

★

Mr. F. D. Pinto, deputy general manager of BRE-METRO, the joint export sales company of British Rail Engineering and Metro-Cammell, has been appointed general manager of the company. He succeeds Mr. L. E. Middleton, who has retired, but remains associated with BRE.

[illegible] consultant director.

[illegible] Aldridge has been [illegible] general manager [illegible] following the [illegible] of Mr. R. W. Fuller, [illegible] director, who leaves the [illegible] April next year for [illegible] activities.

★

[illegible] Ashley is to become [illegible] the [illegible] UK INDUS[illegible] ARCH ASSOCIATION. He succeeds Mr. [illegible] Allan, who has taken [illegible] appointment as head of [illegible] of Automotive Studies [illegible] field Institute of Technology [illegible] he becomes professor [illegible] mobile engineering.

★

[illegible] D. Neely has been [illegible] a director of WHEAT[illegible] DISTRIBUTION AND [illegible]

★

[illegible] Secretary of State for the [illegible] has appointed Mr. [illegible] as chairman of [illegible] TON DEVELOPMENT [illegible] to succeed Lord [illegible] who is to retire on [illegible]

★

[illegible] Clayton, chairman [illegible] director of Guy [illegible] International, has been [illegible] chairman of GUY BUTLER [illegible] (HONG KONG), a newly [illegible] company. Other directors [illegible] Deeble, joint deputy [illegible] director of Guy Butler [illegible] who will [illegible] Mr. G. Young, [illegible] manager, the Hong Kong [illegible] company, N. Sneakman and [illegible] Mr. Clayton is also chairman of [illegible] Butler Till, a member [illegible] concern.

★

Mr. Albert H[illegible] appointed an assistant [illegible] of BARCLAYS [illegible] SERVICES COMPANY INSURANCE [illegible]

★

Mr. H. S. Spens [illegible] appointed a director [illegible] SCOTTISH AMERICAN [illegible] FIRST COMPANY and the [illegible] TRUST [illegible] AMERICAN TRUST [illegible] Mr. Spens is a director of [illegible] Fleming Holdings.

★

Mr. A. M. E. [illegible] Beclie is joining [illegible] MONEGASQUE DE BANQUE [illegible] S.A.M. as a director adjoint. The bank was formed last [illegible] administrator délégué [illegible] director général is Mr. [illegible] Kelly, formerly of S. G. Warburg and Co.

★

Mr. M. Ridd has been appointed an assistant director of BLAND PAYNE (UK).

★

Mr. B. B. C. Watson is to follow other interests outside IMPERIAL GROUP and will resign as a director of the company on October 31. A number of his responsibilities will be taken over by Mr. M. A. Anson, a director.

★

Miss Jean Driver has been appointed sales director and Mr. Malcolm Schofield, production director on the Board of KNOWSLEY ENGINEERING, a subsidiary of James H. Dennis and Company.

★

Mr. Alan Hooton has been appointed general manager of UNITED MERCHANTS FINANCE, a subsidiary of Jardine Barclays in Hong Kong. He has been seconded from Mercantile Credit Company, a subsidiary of Barclays Bank.

★

Mr. Esyr Lewis, Q.C. and Mr. D. C. Calcutt, Q.C. have been appointed members of the CRIMINAL INJURIES COMPENSATION BOARD. [illegible] Lowe, Q.C. has resigned from the Board.

★

Mr. C. D. Pike [illegible] Sutherland [illegible] directors [illegible] PRODUCTS.

★

Mr. H. J. [illegible] appointed managing [illegible] THERMOS. He succeeds [illegible] McCarthy who has [illegible] the Board to become [illegible] dent of the Macca [illegible] responsible for its [illegible] Pacific. Mr. [illegible] Hugh Gallagher [illegible] mobile engineering director [illegible] manufacturing director [illegible] factory.

★

Mr. R. A. Dale [illegible] appointed a director [illegible] manager of LUCAS [illegible] in succession to Mr. [illegible]

★

Mr. Robin C. P. [illegible] joined the NEW [illegible] GROUP as the group [illegible] administration director.

★

Mr. Maxwell C[illegible] appointed chairman [illegible] IRELAND and Mr. [illegible] Mr. Roger [illegible] ing director [illegible] cent. death.

★

Mr. Peter A. S[illegible] return to London [illegible] appointed a [illegible] AMETALCO. He [illegible] as managing director [illegible] Overseas SA, Coutinho [illegible] Nalico SA, Sao [illegible]

★

Mr. Bob Grier [illegible] pointed to the Board of TENENS SERVICES [illegible] finance director.

★

Mr. R. D. Rumney, northern area local [illegible] been appointed a [illegible] general manager of [illegible] TILE CREDIT CO[illegible] R. A. Topping, who [illegible] manager, Barclays [illegible] Industrial Finance [illegible] has been made Merchant [illegible] northern area local director.

★

Mr. Bryan Davies [illegible] appointed Personnel [illegible] the Glacier Metal Co[illegible] Mr. A. Parker has [illegible] director of Associated [illegible] Development [illegible] ASSOCIATED [illegible] GROUP [illegible]

[illegible] of Aston [illegible] director [illegible] WEST [illegible] PLANNING [illegible] succeeds Mr. [illegible] has held the [illegible]

★

Mr. R. E. Little [illegible] appointed secretary [illegible] INVESTMENT TRUST [illegible] Baring Brothers and [illegible] corporate capacity.

★

Dr. Ralph [illegible] the Board of ALLIED GROUP INTERNATIONAL [illegible] director of manufacturing technology. He was previously [illegible] engineer of the [illegible] products division.

★

Sir David [illegible] the STANDARD [illegible]

TV Radio

† Indicates programme in black and white.

BBC 1

6.40 a.m. Open University (UHF only). 9.15 For Schools, Colleges. 10.45 You and Me. 11.00 For Schools, Colleges. 12.05 p.m. Kontakte. 12.30 Golf: The Colgate World Matchplay Championship. 12.45 News. 1.00 Pebble Mill. 1.45 The Flumps. 2.01 For Schools, Colleges. 3.00 Golf. 3.53 Regional News for England (except London). 3.55 Play School (as BBC 2 11.00 a.m.). †4.20 Felix the Cat. 4.25 Jackanory. 4.40 Ask Aspel. 5.05 John Craven's Newsround. 5.10 The Peppermint Pig.
5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.50 It's a Knockout.
8.05 Secret Army.
9.00 News.
9.25 The Fall and Rise of Reginald Perrin.
9.55 Sportsnight.
11.30 Tonight.
12.10 a.m. Weather / Regional News.

All regions as BBC 1 except at the following times:

Wales — 2.18-2.40 p.m. For Schools (Ffenestri: Sbwriel). 5.10-5.40 Bilidowcar. 5.55-6.20 Wales To-day. 6.50 Heddiw. 7.05 Her Nodiant. 7.35-8.05 To-morrow's World Special. 11.55 News for Wales.

Scotland—11.00-11.20 a.m. and 2.18-2.38 p.m. For Schools. 5.55-6.20 Reporting Scotland. 11.55 News for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on Northern Ireland affairs. 11.55 News for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Nationwide (London and South East); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth).

BBC 2

6.40 a.m. Open University.
8.50 Nai Zindagi Naya Jeevan.
9.15 Parosi.
9.30 Labour Party Conference.
11.00 Play School.
11.25 Labour Party Conference.
12.45 p.m. Golf: Colgate World Matchplay Championship.
2.00 Labour Party Conference.
4.55 Open University.
7.00 News on 2 Headlines.
7.05 Mr. Smith's Fruit Garden.
7.30 Newsday.
8.05 Top Crown.
8.35 My Music.
9.00 Play of the Week.
10.20 Arena: Cinema (interviews with Woody Allen, Diane Keaton).
10.50 Late News on 2.
11.00 Golf highlights.

LONDON

9.30 a.m. Schools Programmes. 10.50 Felix the Cat. 12.00 The Adventures of Rupert Bear. 12.10 p.m. Stepping Stones. 12.30 Sounds of Britain. 1.00 News and Labour Party Conference Report. 1.50 Help! 2.00 After Noon. 2.25 Labour Party Conference. 4.20 Magic Circle. 4.45 The Paper Lads. 5.15 Emmerdale Farm.
5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 The Krypton Factor.
7.30 Coronation Street.
8.00 The Norman Conquests.
10.00 News.
10.30 Whicker's World: Salt Lake City, Utah.
11.30 International Darts.
12.00 Power Without Glory.
12.55 a.m. Close: Joan Scott reads a poem by Flora Larsson.

All IBA regions as London except at the following times:

ANGLIA
10.31 a.m. Survival. 1.50 p.m. Anglia News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 About Anglia. 11.30 Gibbsville. 12.25 a.m. The Big Question.

ATV
1.50 p.m. ATV Newsdesk. 5.15 Gambit. 6.00 ATV Today. 11.30 The Collaborators.

BORDER
†1.50 p.m. Border News. 2.00 Houseparty. 5.15 Dynomutt—The Dog Wonder. 6.00 Border News and Lookaround. 11.30 Fireside Theatre. †12.35 a.m. Border News Summary.

CHANNEL
1.18 p.m. Channel Lunchtime News and What's On Where. 6.00 Channel News. 6.10 Dynomutt—The Dog Wonder. 10.28 Channel Late News. 11.55 News and Weather in French followed by Epilogue.

GRAMPIAN
9.25 a.m. First Thing. 1.50 p.m. Grampian News Headlines. 6.00 Grampian Today. 11.30 Police Woman. 12.35 a.m. Reflections.

GRANADA
1.50 p.m. This Is Your Right. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. 6.30 The Squirrels. 11.30 Fireside Theatre.

HTV
1.50 p.m. Report West Headlines. 1.55 Report Wales Headlines. 2.00 Houseparty. 5.15 Oddo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 This Sporting Land. 11.30 Rush.
HTV Cymru/Wales—As HTV General Service except: 1.50-1.55 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.30-4.45 Un Tro. 6.00-6.15 Y Dydd.
HTV West—As HTV General Service except: 1.50-2.00 p.m. Report West Headlines. 6.00-6.30 Report West.

SCOTTISH
†1.50 p.m. News and Road and Weather Report. 2.00 Houseparty. 5.15 Take Kerr. 5.20 Crossroads. 6.00 Scotland Today. 6.30 Report. 10.30 The Record Makers featuring Linda Lewis. 11.30 Late Call. 11.35 Moneywise. 12.05 a.m. Love American Style.

SOUTHERN
1.50 p.m. Southern News. 2.00 Houseparty. 5.15 The Undersea Adventures of Captain Nemo. 5.20 Crossroads. 6.00 Day by Day: Wednesday Extra. 11.30 Southern News Extra. 11.40 Boney.

TYNE TEES
9.25 a.m. North East News Headlines followed by Starting Point. 1.50 p.m. North East News and Lookaround. 2.00 Women Only. 5.15 Happy Days. 6.00 Northern Life. 11.30 Code R. 12.30 a.m. Epilogue.

ULSTER
1.50 p.m. Lunchtime. 4.18 Ulster News Headlines. 5.15 The Lost Islands. 6.00 Ulster Television News. 6.05 Crossroads. 6.30 Reports. 11.30 Executive Suite followed by Bedtime.

WESTWARD
12.26 p.m. Gus Honeybun's Birthdays. 1.50 Westward News Headlines. 6.00 Westward Diary. 10.28 Westward Late News. 11.55 Faith for Life.

YORKSHIRE
1.50 p.m. Calendar News. 5.15 Gambit. 6.00 Calendar (Emley Moor and Belmont editions). 11.30 The Collaborators.

RADIO 1 247m
(S) Stereophonic broadcast

5.00 a.m. As Radio 2. 7.02 Noel Edmonds. 9.00 Tony Blackburn. 12.00 Paul Burnett including 12.30 p.m. Newsbeat. 2.02 David Hamilton (S) (also on VHF). 4.30 It's DLT OK! including 5.30 Newsbeat. 7.00 The '78 Show (joins Radio 2). 10.02 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

5.00 a.m. News Summary. 5.02 Colin Berry (S) with The Early Show, including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.02 Golf: The Colgate World Matchplay Tournament: report. 10.30 Waggoners' Walk and 11.02 Golf: further report. 11.30 Jimmy Young (S) including 12.02 and 1.02 p.m. Golf (further reports). 1.30 p.m. Sports Desk. 1.35 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 200kHz only (also 1484kHz Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.47 John Dunn (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 The '78 Show. 7.30 Listen to the Band with Charlie Chester (S). 8.02 BBC Radio Orchestra (S). 9.02 Semprini Serenade 20th Anniversary (S). 10.02 Sports Desk (200kHz only, also 1484 kHz Scotland. VHF joins Radio 1). 10.07 Sing Something Simple (200kHz only, also 1484kHz Scotland. VHF joins Radio 1). 10.30 Songs of Protest (200kHz only, also 1484kHz Scotland. VHF joins Radio 1). 11.02 Sports Desk (200kHz only, also 1484kHz Scotland. VHF joins Radio 1). 11.03 Tim Gudgin with The Late Show (200kHz only, also 1484kHz Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF
‡ Medium Wave only

‡6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek Choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Liszt (S). 10.20 Chamber Organs (S). 10.50 In Short (talk). 11.00 Rummel, C. P. E. Bach and Mozart (S). 11.40 BBC Symphony Orchestra (S). 1.05 p.m. Concert Hall (S). 2.00 Cherubini: Requiem (S). 2.50 Violin and Piano Recital (S). 3.35 Bridge and Dodgson concert, part 1 (S). 4.10 Interval Reading. 4.20 Concert, part 2. 5.00 Building a Library (S). ‡5.45 Homeward Bound. ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Language and Communication. 7.30 Music in Question (S). 8.00 A Beethoven Concert, part 1 (S). 8.45 The Arts Worldwide. 9.05 Beethoven, part 2 (S). 10.00 Scientifically Speaking. 10.45 The Exotic Sound of the Glass Harmonica (S). 10.55 The Faerie Queene (S). 11.25-11.30 News.
Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4 434m, 330m, 285m and VHF

6.15 a.m. News. 6.17 Farming Today. 6.35 Up To The Hour. 6.52 (VHF) Regional News. 7.00 News. 7.10 Today. 7.35 Up To The Hour (continued). 7.52 (VHF) Regional News. 8.00 News. 8.10 Today, including news headlines, weather, papers, sport. 8.45 A Single Summer with L.B. 9.00 News. 9.05 The Living World. 9.35 Man and the Motor Car. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 If You Think You've Got Problems. 11.50 The Old Wives' Lore of Gardening. 12.00 News. 12.02 p.m. You and Yours: Rights and Responsibilities. 12.27 Chronicles of the Soppy Family. 12.55 Weather, programme news. VHF (except London and SE) Regional News. 1.00 The World At One. 1.30 The Archers. 1.45 Woman's Hour (1 from 2.00) including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre (S). 3.50 Choral Evensong. 4.35 Story Time. 5.00 PM Reports. 5.40 Serendipity. 5.55 Weather, programme news (VHF) Regional News. 6.00 News including Financial Report. 6.30 My Word! (S). 7.00 News. 7.05 The Archers. 7.20 Measureless Reward? 8.00 "Evita," rock opera by Tim Rice and Andrew Lloyd Webber, based on the life story of Eva Peron. 9.00 Science Now. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 Galbraith and the Midas Touch (S). 11.00 A Book At Bedtime. 11.15 The Financial World Tonight. 11.30 The Way We Were. 11.45 News.
For Schools (VHF only)—9.05 a.m.-12.00 and 2.00-3.00 p.m.

BBC Radio London 206m and 94.9 VHF

5.00 a.m. As Radio 2. 6.30 Rush Hour. 9.00 Holiday Scene. 9.28 London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 11.40 Up Your Street. 12.03 p.m. Call In, including 1.00 London News Desk. 2.03 206 Showcase. 4.03 Rome Run. 6.10 Look, Stop, Listen (as Monday). 7.30 Jenny Thompson and Diana Rice with In Town (as 11.03 a.m.). 8.10 Up Your Street (as 11.40 a.m.). 8.30 In Concert. 10.03 Late Night London. 12.00-Close: As Radio 2.

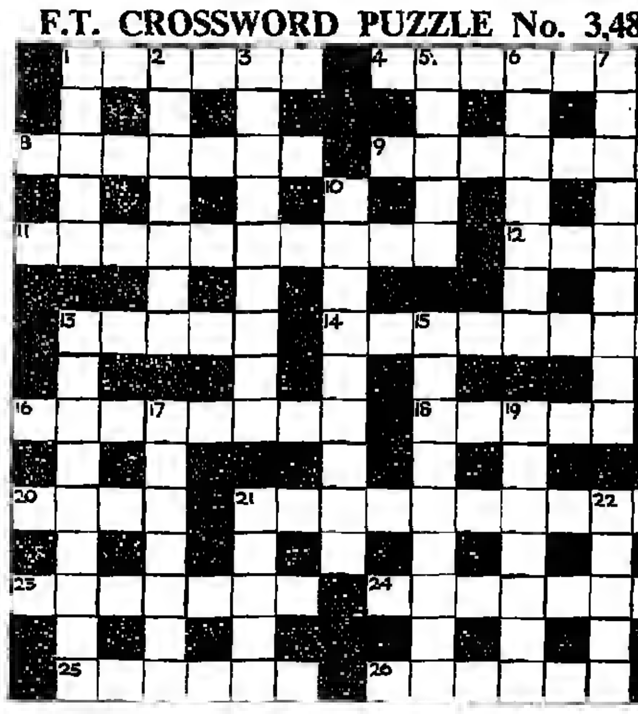
London Broadcasting 261m and 97.3 VHF

5.00 a.m. Morning Music. 6.00 "A.M."—breakfast-time show. 10.00 Brian Hayes. 12.45 p.m. Midday Report. 1.30 LBC's after-lunch special. 4.45 Afternoon Report. 5.30 Newsbreak. 8.00 Jazz In Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio 194m and 95.8 VHF

6.00 a.m. Graham Dene's Breakfast Show (S). 9.00 Michael Aspel (S). 12.00 Dave Cash with Cash On Delivery (S). 3.00 p.m. Roger Scott with his Three O'Clock Thrill (S). 7.00 London Today with Bryan Wolfe and Pam Armstrong (S). 7.30 Anna Raeburn on Adrian Love's Open Line (S). 9.00 Nicky Horne's rock programme (S). 11.00 Tony Myatt's Late Show (S). 2.00 a.m. Duncan Johnson's Night Flight (S).

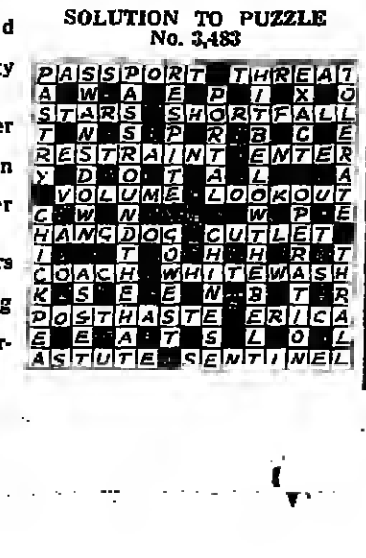
F.T. CROSSWORD PUZZLE No. 3,484



ACROSS
1 Bars West-end strip (6)
4 Customs hold you and me a long time (8)
8 Work on machine having quality of English painter (7)
9 He conveys old lady to hill (7)
11 Ticket home shows profit back at Twickenham (6, 4)
12 Man - about - town leaves sweeper (4)
13 Woman will become a nutcase (5)
14 Reject record left by goal (8)
16 Girl to come out on top provided she's a Communist (8)
18 Silly part of China needless to say (5)
20 Writing with hand prepared for fighting (4)
21 Uncle's redeeming authority (4, 6)
23 4th lodge (7)
24 Killed by being looked after (4, 3)
25 Sleep without beginning in junk (6)
26 Part added by girl on river (6)

DOWN
1 Score when tennis players seek advantage (8)
2 Undertaking to be opening Yorkshire flower (7)
3 Alien takes to student murderer (9)
5 Flames upset by cross line in letter (5)
6 Officer is not specific (7)
7 Store share capital with a lot of money (5, 4)
10 Voting abstentions come easily (5, 4)
13 Song of no matter (9)
15 Scots leader isn't Jack and that's gospel (5, 4)
17 Breakdown by miner—it is only temporary (7)
19 Grow together with Bill on island (7)
21 Put together by man on board (5)
22 Woman gets about all right during call up (5)

SOLUTION TO PUZZLE No. 3,483



هكذا من الأصل

vision

The Best of British

by CHRIS DUNKLEY

r two weeks of other 's television at the Venice il it really is a pleasure lack watching British programmes. It is not chauvinism rning patriotism which the return so pleasant, it ply that the quality of the ...ing out of the set in ...untry is relatively so very ...

...ourse if you switch on BBC1 at 6.30 and watch ...y till midnight you will ...te a lot of lightweight ...se, but most of it will ...be quite good nonsense. ...e week, for instance, ...nla put out a delightful ...racing parody of tele-...prize shows called The ...Factor (which comic ...ans will recognise as a ...ice to the "doomed ...lat" from which Supermso ...unched into space as a ...ly moments ahead of its ...tion).

...wiok the mickey out of them Marting with the "contes-... attempting the same ...ask at a loog table à la ...tion Game, going on to ...surdly easy "assault ...n" to an obvious pastiche ...rting Superstars, taking a ...ven at the children's film ...ir Screen Test, and end-... poking fun at the rapid ...ngeral knowledge section of ...mind.

...ight have looked almost ...seriously intended contest ...for its loony eclecticism ...e way that the presenter, ...n Burns, overdid his imita-... the hard sell quizmaster, ...g with hated breath for the "computer" to work out who was ahead after the first scores of 10, 8, 6 and 4 and injecting spurious passion into every phrase. "And we go straight into the final exciting section!" he burbled, almost as to the manner born. Undemanding, but hilarious stuff.

Or there was Terry Jones and Michael Palin's Ripping Yarns on BBC2, a latest product of the alumni of the Monty Python school (following Rutland Weekend Television, Fawlty Towers, Tomkinson's Schooldays and Out Of The Trees) with its lovely spoof of every tough guy movie ever made, done as one of British television's familiar gritty northern pigeon racing dramas.

It achieved a moment of marvellous climatic bathos when the Sundance Kid (Eric Olthwaite) having leapt off a vertiginous cliff into a roaring torrent with Butch Cassidy (Arthur, the bank robber) surfaced to ask anxiously: "You would tell me if you found me boring, wouldn't you?" The target was a barn door and Palin and Jones hit it right enough.

Better yet, the great Arthur Lowe and his intrepid brood are back on BBC1 on Sundays with another series—the last, we are assured—of Dad's Army, surely the most unpredictable smash hit comedy success in the history of BBC television.

I cannot find it in me to extend the welcome to another returning war series cast (or at any rate the same set of stereotyped characters) who have been spirited out of Colditz to staff BBC1's Secret Army. Where the subject of Dad's Army is entirely British and entirely humorous, Secret Army carries on a contemptible tradition of revitalising wartime antipathies which is nowadays not just wearying but positively distasteful.

Yet even this is technically very well done, aside from the illogicality of the Germans speaking English vis Chermao aggaents while the Belgians speak in pure English tones.

Programmes such as these four occupy most peak viewing hours, and whatever intellectual or aesthetic judgments one may make they are almost without exception proficiently made to a high technical standard.

It is not difficult for the viewer to do even better than that, though. If instead of just switching on and lying back one actually hunts around the week's schedules to work out when to switch channels there are all sorts of treats to be savoured.

First there are the heavily promoted productions such as BBC2's Anna Karenina which, after two episodes, looks as though it will be a winner; rather more successful probably than the BBC's War And Peace which, in retrospect at any rate, seems to have been too diffuse. Perhaps the sharper focus provided by the central character in Anna Karenina will serve to hold the 10 parts together rather better.

Nicola Pagett scarcely embodies the figure of a woman that one expects from Anna, yet any viewer who wasn't in love with her by the end of episode one presumably was by the end of episode two, so what does that matter? If Miss Pagett can overcome the inappropriateness of her own diminutiveness and still convey the essential woman then she will deserve more, not less, praise. Anyway Nicola Pagett plays the character in a television series, not the character in a book.

What is still not entirely clear is what sort of series Donald Wilson has made out of Tolstoy's original. There was a daunting moment at the start of the second episode when Anna was obliged to stand at the piano and give forth with all the stiltedness of a Polytechnic lecturer in group psychology. It was over quite quickly and there was no recurrence, otherwise there would have been a suspicion that Wilson had decided to go in for wholesale verbalising of the thoughts given by Tolstoy to his characters; nearly always a losing game.

It goes almost without saying that the show is marvellous to look at. (The costumes are already on public exhibition.) The scenes at the railway station—presumably shot in Hungary—were worthy of Monet, and the ball, if not the most lavish in the history of television costume drama, was very prettily done, with the dance styles well researched.

One detail rankles: habitual drunks such as Nikolai do not slop spirits all over the table and floor when pouring drinks. In fact no one pours a drink more carefully than a drunk. It is time a few people around television drama departments learned the fact. The error crops up frequently.

Also very easy to find after its huge publicity campaign, but easy to watch, too, is London Weekend's Love For Lydia, a serial which looks like an extended version of one of those Country Matters plays presented by Granada a few years ago—a very, very extended version. In Love For Lydia events tend to occupy at least as much time as in real life: for a car journey we follow the vehicle down every straight and round every corner.

Even at one hour per episode I calculate that it can easily run for 10 years or so without advancing the lives of the characters much more than three weeks.

Yet it is far from boring. We are seeing a couple of beautiful performances from Beatrix Lehmann and Rachel Kempson as the two elderly aunts; their work looks effortless, which is always a mark of the true professional. And Mel Martin, the young actress in the title rôle, is proving to be something of a find.

One idiosyncrasy is puzzling: practically the entire production appears to have been shot through a Vaselined lens or a soft filter sometimes known as a "KTOL" (Kind To Old Ladies). Yet the only exceptions are the scenes involving the Misses Lehmann and Kempson. It must be the bitterweetness of the love affair that produces soft edges, and of course the aunts are not in love.

Less heavily promoted and in a quite different category is BBC2's My Music, a kind of seat show, in which Frank Muir, John Amis, Denis Norden and Ian Wallace are quizzed about old songs by Steve Race, and bom the occasional snatch between relaxed jokes. Yet again it is seductively easy to consume (although over exposed, Muir and Norden, like Lehmann and Kempson, are professionals to their very boots) and if ever television gets tired of the show it will be ideal as a radio series....

Hardly promoted at all, but well worth watching now that they have finally got the formula about right is BBC1's Tonight. Denis Tuohy, the best front man they have had in the last three years, has sensibly been made sole presenter, and John Timpson has been doing some intriguing film reports. The two I have seen, on the Laker airbus and the Mormons, were precisely the sort of material which Tonight has so often lacked and needed.

Even that ghastly 1935 boatdeck set has finally been scrapped and participants now appear in unremarkable chairs in front of neutral backgrounds which are exactly what a current affairs programme needs.

After the spiky intensity of Russian and Swedish and Austrian television all these programmes seem supremely smooth and relaxed. The British may be living on borrowed time and borrowed money but our telly material is our own (most of it) and it really is rather good.

Stuart Wilson and Nicola Pagett in "Anna Karenina"

New York Theatre

A strong start

by FRANK LIPSIUS

Coming up to the accelerated pace of openings that will provide an exciting October for Broadway, New York theatre has lost none of the momentum that made last season one of the best in years. The hit musical, Annie, opened late in the spring and continues to draw large crowds to its re-creation of the hard times of the 1930s. Based on the syndicated cartoon character, Little Orphan Annie, the show recounts the transformation of a spunky, depression-proof little orphanage child into the ward of the millionaire industrialist, Daddy Warbucks. While most of the music is only functional and the story depends on reminding the older generation of just how far we've come from the Great Depression, the production also bears the strong imprint of Mike Nichols, who injects impeccable pacing and enough nostalgia to distract audiences from the thin plot and Annie's irremediable cuteness, as played to perfection by Andrea McArdle.

Luckily, also, the major theme of optimism is embodied in the show's one memorable song, "To-morrow," and the show's one "heavy," Dorothy Loudon as the mean and frustrated orphanage head, shows remarkable aplomb and enough energy to draw sympathy even to her conning vindictiveness.

A Broadway opening for Brazilian playwright Roberto Athayde's Miss Margarida's Way follows a successful run off Broadway at the Public Theater. The play provides an excellent showcase for the talents of Estelle Parsons, whose role it is to treat the audience like a teenage school class and bear the brunt of their reactions. Taunting, threatening, cajoling, and lecturing her way through a comic biology lesson, Miss Margarida elicits considerable response from the audience, a good bit of it unwelcome, since it is not nearly as clever as the lines Miss Parsons ad libs, let alone the one Mr. Athayde wrote.

The play, which has been produced in a number of countries, is supposed to convey the young playwright's belief that people are too docile in the face of authority. Egging an audience on, though, seems hardly the way to test the theory, when those who feel most compelled to speak out, it seems, are the least worth listening to. Miss Parsons soldiers on, faultlessly ad-libbing when a belligerent voice calls out from the audience. As written, the role covers the gamut of reactions and moods a teacher goes through in establishing her authority in a difficult class for adolescents at an age that some of them obviously never outgrow. Not as profound as Mr. Athayde would have hoped, perhaps, but certainly an evening's entertainment.

John Wood starring in Tartuffe opens the repertory season of the Circle in the Square. Mr. Wood's strong, gaunt, stentorian Tartuffe does not overshadow a fine cast that includes Stefan Gierasch as Orgon, Mildred Dunnock as his mother, and Tammy Grimes as his wife.

Richard Wilbur's verse translation, first used in London by the Old Vic, manages to avoid sing-song rhymes while bringing long speeches to a direct point and always providing an appropriate, pithy comment for every one of Tartuffe's egregious actions. Swoosie Kurtz as Mariane and Victor Garber as Valere play a particularly effective scene as levers working themselves into irreconcilable enmity until Patricia Elliott as Mariane's maid shows them how silly they are being. Along with the cast and text, just traditional costumes and set are refreshing to have again on Broadway.

Simon Gray's Otherwise Engaged has had surprising longevity in its Broadway production. Now starring Dick Cavett, a television interviewer of the Michael Parkinson variety, the play would seem the perfect vehicle for a professional listener whose basic indifference happens to bring out other people's most intimate stories. Unfortunately, rather than indifferent, Mr. Cavett just looks bored. His eye contact with other actors seems minimal, and he does not rise to those rare occasions when Mr. Gray peppers the difficult role with chances to show some spirit. Also, Mr. Gray's ironic word play does not elicit gales of laughter from New York audiences (who also shy away from British crossword puzzles), making the play seem somewhat flatter than need be, though as I say it has drawn a lot of customers to the box office since opening at the beginning of 1977.

New York summers are filled with pantomime artists performing on street corners, at art gallery openings or any spot where enough appreciative people are gathered. Indoors off-off Broadway, a two-year-old group, the Richard Morse Mime Theater presented a new collection of pantomime skills parodying aspects of modern American life. Opening with the whole company's rendition of a wholesome American breakfast, with faces squeezed to produce orange juice and bodies wilting from heat for toast, the series of scenes was notable for skilful contortions and dance steps applied to well developed situations.

Particularly funny was the company's version of the Fischer-Spassky chess tournament, where every move is greeted by raucous applause led by cheerleaders and the whole event is smothered in the pageantry of the Olympics.

In the period of Broadway's doldrums, a whole season might not have produced so many good shows or allowed us to expect them to last very long. Plays like Albert Innaurato's Gemini and Michael Cristofer's The Shadow Box, already reviewed on these pages, as well as those just opening now are more than good theatre. They also act as encouragement to those with serious aspirations to aim again for a Broadway opening and thereby broaden and deepen the channels of American theatre.

Estelle Parsons in "Miss Margarida's Way"

The Entertainment Guide is on Page 28

St. John's, Smith Square

BBC Singers

by RONALD CRICHTON

The BBC Singers' new season will explore the choral music of Strauss—how many can reel off the names of his works in that genre? For Monday night's opening concert the choir's conductor John Poole had devised an admirable programme of music written in wartime, the wars to question being the last two world-involvers.

Strauss's An den Baum Daphne is a curious spin-off from the opera written a few years earlier. As an offering for the Vienna State Opera Chorus and for the Sängerknaben, he set an unused text by Gregor originally designed for a choral finale to the opera Daphne but not in the event used. From the text he wove for double chorus and boys' voices one of his latterday webs of golden euphony. The mood is pastoral, like the opera. There are some epicurean passages contrasting treble and soprano tone. The degree of detachment from the war is disconcerting.

Mr. Poole followed Strauss with Ravel's Trois Chansons, detached in Ravel's way, which was entirely different, showing acute awareness through the ironic, wry flavour of the folk-type verses (his own). The outer pieces are short and sharp, like spiky jewels. The middle piece, "Trois beaux oiseaux du Paradis," is one of his most haunting model loventions.

Finally, Poulenc's cantata on Eluard poems, Figure humaine, written in occupied France, dedicated to Picasso, first performed (at Poulenc's request) by the BBC. A wholly committed work, and a turning point in his career—more considerable than the little opera with which it shares the adjective "humaine." Splendid singing all through the concert with open, frank tone equally rewarding to Strauss and the French composers.

Bristol Hippodrome

Glyndebourne Tour

by RONALD CRICHTON

The Glyndebourne Touring ...mpany is now an accepted ...l valuable fact of musical life. ...t only for bringing in opera ...ers in the regions who can't ... to Sussex in the summer s...iff of festival glamour, though ...l is valuable, too, but for ...ing round productions ...roughly rehearsed, with a ...h standard of ensemble, also ... presenting young artists so ...ll prepared (many of them ...ing, understudied their roles ...ing the previous Festival) ... they are often able to give ...formances of a higher quality ...an their experience would ...warrant.

...year's tour, now under ...ed to ...udes the double bill of ...r of ...La Voix humaine and ...expec... The Cunning Little ...s for ab... Thursday evening the ...Grimond... Hippodrome at Bristol ...as ener... on a single ticket ...beral Pa...50—one shudders to ... of Oxf...ort of a house these ...mbe (53 would have drawn ...rch. ...years ago. Nicholas ...Motor Co... the company's ...for $10m. ...tor, conducted the ...r who clai... Simon Rattle the ...oned him ... Bournemouth Sin-...40 years ag... the French score ...ng on a For... The Janacek was ...as arrested ... eloquent without ...ears. ...though the players ... right under their ...ter London ... Opera orchestra pit ...to raffle anot... help.

...ugh the s... now takes the ...mestead" lot... ter in La Voix ...emergency in... distraught woman ...l by Stockpo... a deserting lover ...lay in an eff... marry someone ...ned march b... ...nt the follow... else. Miss Lott sang in impressively natural French, and she wore a smashing dress with French elegance—and with an English physique, tall and slim, that doesn't always go with the ability to wear good clothes. She held her audience in a theatre too large for the work. Poulenc's score has skill, charm and a moving climax, but he seems to have set Cocteau's one-acter at face value, ignoring the author's admission that what he had written was a virtuoso piece for a brilliant actress. There needs to be a touch of hardness behind the tears.

The Vixen, once again, is sung in Norman Tucker's English translation. Graham Vick has staged Jonathan Miller's production for the tour. Partly because Janacek's musical principles are so totally different from Poulenc's, partly because the forest animals' movements are not immediately suggestive, the work took a little time to cast the full spell, and once cast it was too often broken by the revolving inner stage, creaking round twice when once would surely have done.

The Vixen of Kate Flowers is a captivating, warm-hearted performance. Henry Herford's Forester is capably drawn. He is a potentially useful character baritone without as yet the sustained tone for the last scene, music (however brief) of a lyrical expansiveness which character singers are not as a rule expected to produce—but Janacek is a law unto himself. John Michael Flanagan as the Parson (a very small part) showed how the lyrical feeling could be caught in a moment. The Poacher of Paul Nemeer is a promising study. One of the best moments in the original production, the animals' carnival for the wedding of Fox and Vixen, has gone rather dull. Still, the difficulty for young artists of putting across this opera in such a big theatre was for the most part bravely surmounted.

New leader for BBC Concert Orchestra

John Bradbury, currently joint leader of the City of Birmingham Symphony Orchestra, has been appointed leader of the BBC Concert Orchestra, succeeding Arthur Leavins who retired in July.

Mr. Bradbury, who will take up his duties early in the new year, has previously worked with three BBC orchestras in England and Wales between 1964 and 1970, and is a fellow of the Royal Northern College of Music.

Hampstead

The Dog Ran Away

The author of The Dog Ran Away is a Franciscan monk, and his play is about Franciscan monks. But although the problems that assail the members of enclosed orders are at the bottom of the story, the degree of freedom that these three monks are allowed is so great that their religious calling may almost be ignored. They might as well be soldiers or mountain-climbers or Humanists. They live in a comfortable house with a telephone, a refrigerator and a gramophone with pop records. Port and burgundy accompany their meals. Beneath their habits are jeans and check shirts; and when they say "Oh Christ!" in moments of exasperation they explain it away as "just a saying."

Nevertheless they are bound to a sense of duty, and it is the degree to which they adhere to this that makes the play so interesting. Their principal problem is Brother Joseph, who is old, blind and mad; he thinks continually of his old companion Brother James now dead, and he dreads the possibility of damnation. Robert Flemyng gives a fascinating performance of the helpless, selfish old man, who relapses now and then into memories of the time when he was a "dapper Dan" and gave a great impression of Al Jolson.

Young Brother David takes most of the responsibility for him, seeing him fed and cleaned, clasping his hand when he calls for reassurance. Brother William cares more for his ridgeback dog. One night the dog attacks Joseph, who lashes out with his stick and hurts it so badly that William has to shoot it, a shotgun being another of the available facilities. This leaves Joseph with little hope of kindness in his old age; for David, 29 years old and 10 years in the order, is feeling the call of sex, and William blames the old man for the loss of his dog.

The varying loyalties of the three are beautifully charted by Brother Jonathan (whose real life contains even more liberty than the lives of his characters, for he is a resident member of a New York theatre company). There is a discussion of commitment between William and David at the end of the second act that I thought enthralling; and one of the most remarkable things about it is the extent to which it leaves out God.

The playing throughout is admirable, Dennis Lawson giving a youthful conviction to David, Manning Redwood keeping William firmly on the track of duty without ever allowing him a hint of devotion. The director is Michael Rudman, the designer Sue Plummer.

B. A. YOUNG

Young Vic

The Awesome Worlds of Henry Pilk

This very funny and original revue is drawn from the strange work of one Henry Pilk, a man given to looking at the world through a distorting eyeglass. Pilk is an alias of Ken Campbell, and his creatures are hilariously tribal in their own inclination for distending experience and sensations in search of cosmic patterns. One of them, for instance, confronts a bemused snack with a phobia about his cheese sandwich. Imagine a piece of cheese, he says, the size of this room, or even the size of Africa, teeming with macrobiotic life on a comparable scale. Would you then sit down and eat the cheese so easily? The man pulls his beret firmly around his ears and jumps around the room, squawking.

These Pilk sketches have been seen before in other Ken Campbell shows, but it is illuminating indeed to see how consistent they are with Mr. Campbell's more recent work. There are two set pieces from the Nottingham Playhouse show, Walking Like Geoffrey, in which the Curse of the Jodrells is made manifest first in the weird behaviour of a man with an irrepressible urge to shove blancmanges and large sausages down his knickers, and then of a Jacobean sybarite intent on prolonging his sexual desire in order to "praog" himself out of his own dream and into a state of eternal ecstasy.

The material is expertly performed by C. J. Allen, Chris Langham, Peter O'Farrell and Maynard Williams, all of whom have a real feeling for Mr. Campbell's inimitable gift for extracting laughter and linguistic relish from subject matter more usually the province of popular science fiction.

MICHAEL COVENEY

EUROPEAN NEWS

Britain plans assault on EEC agriculture policy

BY CHRISTOPHER PARKES

THE BRITISH Government aims to have Greece, Spain and Portugal admitted to the Common Market within the next four years.

It also intends, while the Community strives to adapt all its institutions to cater for enlargement, to forge ahead with its own schemes for a radical reform of the Common Agricultural Policy as it affects the northern part of the EEC.

This four-year timetable forms the foundation of the reform programme outlined in the Prime Minister's recent letter to the Labour Party on the U.K.'s future in the European Community, which is to be discussed at the Party conference in Brighton to-day.

This drive to speed up enlargement of the Community will, however, need considerably more impetus than can be achieved by a British initiative alone.

But many Ministers will be busying themselves with this initiative, during the coming months, visiting the capitals of the Nine and the applicant countries.

The British attack on the CAP will start in Brussels, where Mr. John Silkin, Minister of Agriculture, aims to establish as fact his claim that the basic prices of farm produce were allowed to climb too high in the original six-country Community.

Last spring he attempted to hold the average farm price rise to around 3 per cent. He focused his main forces then on milk and the endless surpluses of butter and skimmed milk powder.

Next year, according to sources close to the Ministry, he can be counted on to maintain his pressure on dairy prices and also attack the grain market.

In spite of this year's bumper cereal crops in the Community, and a slump in the prices paid to farmers, these prices are still as much as £40 a tonne higher than those of cereals on the open world market.

The British minister can also be counted on to insist that New Zealand should be allowed to continue sending dairy produce and lamb to Britain without undue interference from Brussels.

On his recent visit to New Zealand and Australia, Mr. Silkin, accustomed to being told that cheap supplies of meat and dairy products were strictly limited, found that in reality the Australians and New Zealanders were ready and able to supply large tonnage of competitively priced food to Europe.

As well as produce from New Zealand, beef from Australia will probably be allowed back into the Nine within the next few years along with supplies of much-needed uranium.

W. German jobless total falls

BY JONATHAN CARR

BONN, Oct. 4.

THE NUMBER of unemployed in West Germany dropped in September against the previous month—but increased slightly against September last year.

Figures released to-day by the Federal Labour Office also indicate that some of the structural problems on the labour market—especially those involving women and young people—are worse than a year ago.

The total number of jobless fell by 5.4 per cent. in September to 911,239, particularly because of new hirings after the summer break. That figure is an increase of 1.4 per cent. on the total jobless a year earlier.

The number of jobless young people under 20 has at last dropped below the 100,000 mark—to 98,360 or 3.1 per cent. fewer than in August. But this figure itself represents 4.6 per cent. of all young people in the potential labour pool for this age grouping—against 4.3 per cent. a year earlier.

Further, the number of unemployed women has risen against September, 1976, by 5.3 per cent. to 467,000. This represents 5.7 of the potential female labour pool against 5.5 per cent. a year before.

The number of those on short time increased in September by 63,081 against August. But there are still more than 226,000 vacancies, an increase of over 3,000 on September last year. Many of these are for skilled workers, of whom there is a shortage in most industrial sectors.

The President of the Labour Office, Herr Josef Stingl, said he expected the number of those on short time to increase in coming months—not least because of the delays on new power station construction.

The particular problems of the building sector came under scrutiny to-day at a congress of the industry's association in Bonn. The Economics Minister, Herr Hans Friderichs, said he expected the DM16bn. (£4bn.) public investment programme passed by the Government this year eventually to generate orders for the construction industry worth DM12.5bn.

But the association's President, Herr Hermann Brunner, said the programme had not yet had a direct effect on the industry. Public building activity in the first half of this year was one-fifth down on the same period of last year. Apartment building had dropped by almost one-third.

Meanwhile, the Finance Minister, Herr Hans Apel, introduced the expansive 1978 budget in the Bundestag, justifying increased state expenditure by the unsatisfactory economic situation in general and the high unemployment level in particular. The budget totals DM188.6bn.—an increase of 10.1 per cent. on this year's figure.

IEA talks on oil demand cut

BY ROBERT MAUTHNER

PARIS, Oct. 4.

THE THREAT of a serious imbalance between world oil demand and supply by the middle of the next decade, in the absence of measures to reduce oil requirements, will be the main subject of discussion at a two-day ministerial meeting of the International Energy Agency which begins here to-morrow.

The governing board of the 19-nation IEA, chaired by Mr. Alistair Gillespie, the Canadian Minister of Energy, will discuss a number of joint measures which would lead to a sharp reduction in members' demand for oil by 1985 and relieve the pressures on existing world resources.

The main proposal on the table is that the member Governments should set a group target for their combined imports of oil in 1985 of 26m. barrels a day, which compares with current forecasts of world demand for OPEC oil in 1985 of 42m. to 53m. barrels per day.

The member countries will also be asked to agree to a set of principles which they would undertake to respect in the formulation of their own energy policies, to make a declaration on their national policies which will be filed with the IEA and to submit their policies to regular annual reviews by the agency.

This monitoring procedure is intended to ensure that all the participating countries are in practice applying policies in line with the group objective and the principles to which they have subscribed.

These principles, described by officials as "the 12 Commandments," are expected to include undertakings to develop alternative sources of energy such as coal, natural gas and nuclear power whenever possible, to eliminate price controls on crude oil and natural gas in order to stimulate production and the implementation of stricter conservation measures.

In spite of the urgent warning issued by the IEA on the imminent imbalance between world oil demand and supply, the latest statistics compiled by the agency are reasonably encouraging, except in the case of the U.S.

Between 1972 and 1976 net oil imports into the U.S. rose by 51 per cent., but the increase has been much more modest for other member countries—3.9 per cent. in Japan, 5.4 per cent. in France, 3.4 per cent. in Italy and 1.6 per cent. in West Germany. By far the best performance was that of the U.K., where oil imports during the four-year period fell by as much as 25 per cent.

Vaduz to consider tightening company law

By John Wicks

ZURICH, Oct. 4.

LIECHTENSTEIN is to consider revision of its company laws. The Head of Government, Dr. Walter Kieber, has expressed concern at the harm done to the reputation of the principality by legal abuses and criminal acts involving Liechtenstein companies in recent years and told Parliament in Vaduz that measures would have to be looked at to prevent further misuse of the system.

After a number of less serious incidents, Liechtenstein companies were the centre of international interest this year in two major cases of mis-direction of funds through letter-box companies. In the first, Finanz- Und Vertrauenshandelsanstalt, of Schaan, was named in the scandal involving the Lugano bank Weisscredit. The Liechtenstein company has since gone bankrupt and known losses are £32.7m. In the second case, the Chiasso branch of Credit Suisse improperly steered almost £530m. clients' fiduciary funds to Texon-Finanzanstalt, of Vaduz.

The much-publicised Credit Suisse case in particular led to representations being made to the principality by the Swiss authorities and also widespread concern in Liechtenstein itself. Dr. Kieber's statement is in answer to a Parliamentary question submitted in May.

One important measure now foreseen by the Government in Vaduz is that holding, domiciliary, trust or similar non-operational companies might be called on to carry out commercial and financial transactions via limited companies. At the same time, all legal entities through which commercial and financial operations are effected could be obliged to present their balance sheets. This would mean an extension of existing accounting rules.

Another move which the Government will consider is the introduction of sanctions, in the form of penalties and compulsory liquidation, where such forbidden transactions as arms trading are carried out via Liechtenstein companies. Other measures include the expansion of the principality's penal code to cover aspects of commercial and financial offences not now detailed in the code, the introduction of further new legal and accounting regulations and the abolition of certain minor forms of company.

Dr. Kieber says that there is no need to extend legislation governing banking and investment trusts, existing laws passed in 1960 being sufficiently strict.

The Government has made it clear that any revisions will not mean a scrapping of the basic system of corporate law in Liechtenstein. This system, together with the fiscal advantages for holding and domiciliary companies similar to those in Switzerland and Luxembourg, is one of the pillars of the country's economy, said Dr. Kieber.

'Arms to S.A.' investigation

By Michael van Os

AMSTERDAM, Oct. 4.

THE DUTCH Foreign Minister, Mr. Max van der Stoel, has ordered an investigation into claims by the Dutch Anti-Apartheid Movement, made here this week, that French subsidiaries of the giant Dutch-based Philips electrical group supply electronic components for use in armament systems purchased by South Africa. Holland maintains a strict embargo on supply of arms by Dutch companies to South Africa.

The Anti-Apartheid Movement has also alleged that the Dutch aerospace group Fokker was supplying parts for aircraft which were being converted for "aggressive purposes" by South Africa. A ministry spokesman said in the Hague to-day, pointing at the recent government decision to prevent Fokker from delivering an F-28 jet passenger aircraft for services between Namibia and Johannesburg, said that there could be little or no control over any indirect supplies.

The EEC and Comecon will start talks next spring on formal arrangements for co-operation. But it has taken them four years to get even this far . . .

Reluctant bedfellows

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT . . .

AFTER ALMOST four years of diplomatic shadow-boxing, the European Community and Comecon have finally agreed to sit down and talk business. It was decided during the recent visit to Brussels by a delegation led by Mr. Mihai Marinescu, the vice-premier of Romania and President of the Comecon executive committee, that proper negotiations should begin next spring on some form of arrangement for closer co-operation between the two organisations.

Most of the running so far has been made by the East European countries, and it is considered in Brussels to be a mark of their seriousness that Mr. Marinescu did not make even a token protest at having to deal directly with the European Commission.

There had been some nervousness on the EEC side that he might insist on conducting his talks with the government holding the Presidency of the Council of Ministers (currently Belgium), through which previous diplomatic exchanges had been channelled.

The distinction is less trifling than it might seem, because the Soviet Union and its Comecon partners still refuse officially to recognise the Community or, *ipso facto*, to acknowledge the Commission's authority to act for the Nine in matters of foreign commercial policy. Even though the Soviets were enticed into opening fisheries negotiations with the EEC earlier this year, they have been able to cling to the position that these were basically government-to-government talks because the EEC delegation contained Council Presidency representatives as well as Commission officials.

There is a good reason, apart from mere protocol, that the EEC has insisted that the Commission do the talking. The Nine are keen to impress firmly on the Soviet bloc that the Community is an integrated entity with distinct powers of its own, while in their view Comecon is little more than an inter-governmental secretariat over which Moscow exerts the dominant influence. They fear that by elevating Comecon's status they might strengthen the Soviet hold over its East European neighbours instead of encouraging their greater economic and political independence.

This has led the EEC to reject flatly a Comecon proposal that the two organisations negotiate a global economic and commercial agreement, within the framework of which the individual governments on both sides would then conclude bilateral trade arrangements. The Community is prepared to do no more than co-operate with Comecon itself in such uncontroversial areas as the exchange of economic and trade statistics, and transport and environmental policy, though it has offered already to negotiate non-preferential trade arrangements with each of the Comecon members. So far, it has received no official response.

This divergence of view is likely to mean that the negotiations will move forward slowly, especially in the initial stages when the two sides will be trying to agree on exactly what they are negotiating towards. While they feel bound to foster the process of detente, the Nine are also well aware that they are negotiating from a position of strength and that more is being sought from them than they are at present seeking in return. It will, therefore, probably be up to the Comecon countries to set the pace.

This is not to say that there are not some practical benefits to be derived by the West from an agreement with Comecon. Arrangements for the regular exchange of statistical data could lead to a better understanding of economic planning in the "state trading countries" (as they are called in EEC jargon), along with fuller information on the structure of these countries' payments and reserves. This would be useful, in particular, to Western banks which have lent heavily to Eastern Europe.

The establishment of formal machinery for co-operation in these and other areas could also lead to a more open attitude among East European Governments towards Western companies seeking to do business with them. There could also be improvements in the [illegible] ments for air and surface [illegible] port between Eastern and Western Europe.

Since 1975, Romania has [illegible] fitted from the EEC's [illegible] preference scheme for [illegible] countries. It also has [illegible] agreement on duties are [illegible] under the GATT [illegible] arrangements, in which [illegible] and Poland are now [illegible] be included. But [illegible] still pose an obstacle [illegible] East European exports [illegible] between East and West [illegible] where no duties are [illegible] Comecon members would [illegible] easier access. They would like to be shielded [illegible] repetition of measures [illegible] EEC's 1974 beef [illegible] which caused considerable [illegible] ship to a number of them.

The Nine have no objection in principle to offering new [illegible] on these and other issues [illegible] ally, provided that these [illegible] between the EEC and [illegible] only an [illegible] of Comecon. [illegible] soon on a new [illegible] to replace the Yugoslavia non-preferential agreement which runs [illegible] year, and Belgrade is [illegible] to launch some joint pro[illegible] the industrial field.

. . . AND DAVID LASCELLES, EAST EUROPE CORRESPONDENT

ALTHOUGH the Brussels talks marked a major concession by Comecon insofar as they brought contacts up to the political level, East Europe's reservations—and particularly Moscow's—about the Community are still so deep as to make rapid progress from now on highly unlikely.

Officially, Comecon has only recognised "the reality" of the EEC. In practice, the East European press maintains a barrage of hostile comment which is echoed in a slightly more restrained form by the region's ministers. This will not change overnight, nor will the grudging way Comecon's leaders have approached the whole question of the EEC all along.

However, they are now bound to pursue the dialogue, for two reasons. The first, and least tangible, is their commitment to detente. It is true that EEC-Comecon relations are not exactly the linchpin of the detente policy. But it would be hard for East Europe—and West Europe for that matter—to seek an improvement in relations which ignored the role of each side's most important economic organisation.

Of far more practical importance, though, is East Europe's urgent need to improve its trade relations with West Europe. Comecon's debts, now one of the big issues of the day, are vivid evidence of how unsatisfactory trade flows between East and West have become. Comecon's deficit with the EEC amounts to several billion dollars a year, and appears to be rising still.

East Europe's ambitious economic policies are partly to blame because they have led to an unnaturally high rate of imports. But more serious in the long run is Comecon's failure to improve its exports to the West.

It is quite obvious that concern about this is the strongest force pushing Comecon into a dialogue with the EEC. The few approaches made by individual members to Brussels so far have all been in the nature of requests for special treatment for particular categories of goods, such as Romania's textile agreement.

It is also obvious from Comecon Press comment that while the East Europeans object to the political aspects of the EEC, they are far more worried about its Common Commercial and Agricultural [illegible] which EEC members' [illegible] has taught them to [illegible] only be negotiated [illegible]

The first is [illegible] quota restrictions on [illegible] from Co[illegible] has cut Comecon [illegible] C food markets. [illegible] quotas are painful, it [illegible] obstacle that has c[illegible] difficulty. Poland and [illegible] have lost a big outlet [illegible] at exports, and other [illegible] are all complaining [illegible] sales of vegetable[illegible] criticism is that [illegible] failing to live up to [illegible] nts under the GATT, [illegible] eral Comecon mem[illegible] not the Soviet Union[illegible]

In [illegible] CP and the CAP have [illegible] Comecon's smaller mem[illegible] than the Soviet Union. For this reason they have a stronger interest in coming to terms with the EEC than Moscow which also nurses the strongest ideological hostility.

The progress of the dialogue has not been helped by Brussels' view that the Comecon secretariat is incompetent to deal with the EEC Commission. [illegible] from offending the acute sense of dignity [illegible] that everyone who [illegible] Moscow learns not to [illegible] not entirely true. The [illegible] can be empowered [illegible] members to do wh[illegible] want. Indeed, C[illegible] parliaments have [illegible] authorised negoti[illegible] EEC.

Even so, Comecon [illegible] sight of its original [illegible] of keeping trade rel[illegible] to the bilateral level, [illegible] the auspices of an umbre[illegible] agreement negotiated betw[illegible] the Secretariat and the Comm[illegible] sion.

This goal satisfies [illegible] Moscow's aim of obstructing [illegible] integration as much as possi[illegible] as well as the smaller countrie[illegible] desire to deal with a sin[illegible] trading partner of a manag[illegible] size rather than an all-powerf[illegible] Commission.

But this implies that the [illegible] sides are still far apart [illegible] basic issues, and progre[illegible] time being must be co[illegible] lesser questions like [illegible] of information.

EUROPEAN SECURITY REVIEW CONFERENCE

Belgrade concern on detente

By Reginald Dale

BELGRADE, Oct. 4.

DELEGATES from both east and west to-day agreed that the progress of detente has not been fast enough in the two years since 35 nations signed the Helsinki Agreement on Security and Co-operation in Europe.

As the meeting called to review the agreement opened here to-day, each speaker drew attention to the continuing dangers of the arms race in central Europe and many—including those of Norway, Yugoslavia and the Netherlands—called for further measures to increase mutual confidence between the two sides in addition to more general disarmament.

With the major powers not due to speak until later in the week, the opening session was taken up with an exchange of tentative opening shots by some of the smaller participants.

Western countries such as the Netherlands and Norway took a firm line on human rights violations in the east, but refrained from mentioning specific cases. Romania and Yugoslavia responded by referring to continuing policies of interference in the domestic affairs of participant nations. Mr. Milos Minic, the Yugoslav Foreign Minister, took the view that differing human rights practices had to be seen in their historical, cultural and other contexts.

So far, the nearest either side has come to naming individual cases of human rights violations was an indirect reference by the Dutch delegation to the imprisonment of people who tried to form groups to monitor implementation of the Helsinki Agreement in the Soviet Union.

The Netherlands and Yugoslavia urged other participants to show greater concern for developing countries in the continuing North-South dialogue, a point which was also made by Dr. Kurt Waldheim, the UN secretary-general, in a message to the conference.

Dr. Waldheim pointed out that the Belgrade participants—the U.S., Canada and 33 European countries—account for more than 80 per cent. of annual global arms spending. The UN General Assembly had before it a report claiming that, at present prices, world military spending over the past five years totalled $1,800bn.

Two views on human rights

BY DAVID SATTER

MOSCOW, Oct. 4.

THE OPENING of the Belgrade conference to review the 1975 Helsinki accord was marked in the Soviet Union to-day by two statements of opinion on human rights. One came from Mr. Leonid Brezhnev, the Soviet President, and the other from Dr. Andrei Sakharov, the Nobel peace prize winner and leading dissident.

Mr. Brezhnev made human rights one of the main themes of his speech on the new Soviet constitution before the Supreme Soviet. Denouncing Western critics of Soviet charges of human rights as the spreaders of "stereotyped inventions, shameless fabrications, and blatant lies," he said that the new Soviet constitution defines the rights and freedoms of citizens "more widely, clearly and fully than ever and anywhere else."

Dr. Sakharov, in a letter to the Parliaments of the 35 nations which signed the Helsinki accord, urged Western Governments not to ignore Soviet abuses at the review conference in Belgrade, and said that to do so would constitute "a quiet capitulation to blackmail."

Dr. Sakharov said that the Western countries should insist that those arrested or sentenced to terms in labour camps for criticism be set free, that restrictions on emigration and foreign travel by Soviet citizens be eased, and that the sale in the USSR of foreign publications be increased—in keeping with the provisions of the Helsinki accord.

Mr. Brezhnev said that Western criticism of Soviet human rights practices [illegible] form of "psychological [illegible]" and insisted that real [illegible] and freedoms are not guaranteed to the peoples of capitalist countries. He said that the rights of capitalism are the rights of tens of millions to unemployment, of sick people to do without medical care, of minorities to suffer humiliating discrimination, and the right to live in fear of organised crime and to witness the distortion of the Press, television, cinema and radio.

In his letter, Dr. Sakharov said that the West must not accept the idea put forward by the USSR and its Eastern European allies that criticism regarding human rights constitutes interference in the internal affairs of those countries.

Brezhnev report on constitution

BY OUR OWN CORRESPONDENT

MOSCOW, Oct. 4.

MR. LEONID BREZHNEV, the Soviet President, to-day gave his assessment of where the Soviet Union stands 60 year after the October Revolution, in a report on the new Soviet constitution to the Supreme Soviet, the country's nominal parliament.

Mr. Brezhnev said that after four months of "nation-wide discussion," a number of amendments, to the draft constitution had been accepted, while many others had been rejected. All this had been in the name of perfecting the fundamental law of a state at the stage of "developed socialism" and not of Communism.

Responding to criticism from Western Communists that the new constitution represents a further strengthening of the Soviet state which shows no sign of "withering away," as Communist doctrine says it should, Mr. Brezhnev said the stage of developed socialism is "indispensable" and "a relative long stretch on the road from capitalism to Communism."

Mr. Brezhnev said that the main point about Soviet development is that millions of citizens are increasingly involved in the activities of Government and the Soviet political system is therefore gradually being transformed into a form of Communist social self-government.

Stressing the theme that the new constitution reflects a state at the stage of developed socialism, Mr. Brezhnev said that other proposals such as for equality of wages, the abolition of private plots on collective farms and the creation of an integral Soviet Union without union republics were rejected because they "have clearly run ahead of our time."

The new constitution, which is expected to be approved this week by the Supreme Soviet, will replace the 1936 Stalin constitution which was hailed as the most democratic in the world and guaranteed many rights and freedoms which were ignored in practice. It guarantees many of the same rights as the Stalin constitution, but balances them with a set of obligations including the duty to safeguard the interests of the State.

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Mondale cuts off Senate debate on gas prices

DAVID BELL

WASHINGTON, Oct. 4.

LONG filibuster in the over natural gas pricing o an abrupt end last night accusations that President was a "liar" and charges e Democratic leadership chamber was trying to roller" the Senate.

ral Democrats in particular d Vice President Walter le who, in his capacity as ent of the Senate, interrepeatedly as opponents regulation continued with g series of procedural ments designed to hold up ss on the Energy Bill and a compromise. Acting in t with the Senate leader- Mr. Mondale repeatedly the amendments out of and refused to let Senators against his decisions.

James Abourezk of South , who has been leading empt to stop de-regulation prices, later charged that dministration "has pulled g from under us" and that ent Carter had "lied" e he had led the opponents regulation to believe that s backing their stand.

act, Mr. Carter never forbacked the filibuster and dministration, clearly dis- at the procedural morass hich the Senate had sunk, decided yesterday to cut its losses and accept whatever the Senate decides on natural gas prices. The Administration will then seek to overturn the Senate decision at the crucial joint House-Senate conference which will take place when the Senate finally completes action on its Energy Bill.

The House has already approved continuing regulation of gas prices and on this—and the important question of the well-head tax on domestically produced oil—the Administration hopes that the House may be able to prevail on the Senate and ultimately produce a Bill more or less to Mr. Carter's liking.

Later to-day, the Senate will consider another variation of a compromise proposed by Sen. Henry Jackson which would continue the regulation of natural gas prices until 1986 but at a higher price than that proposed by the Administration. Under the latest version of his compromise plan, which now appears to have the reluctant backing of the Administration, the price ceiling next year would be $2.03 per 1,000 cubic feet rising to $3.36 before controls were scrapped entirely in 1987.

uiringaud for Quebec

OTTAWA, Oct. 4.

CH Foreign Minister Louis uiringaud flies to Ottawa rrow for talks with Canaleaders followed by a visit uebec City where he will face-to-face with the highly ive issue of Quebec atism.

Canadian officials and diplomats here are conthat M. de Guiringaud refrain from making any oversial gesture on the lines te late President Charles aulle, whose ringing "Vive uebec Libre" in Montreal ears ago stirred a political and soured relations een France and Canada.

y pro-separatist comment resent would not only be embarrasing to the al government of Prime ter Pierre Trudeau, who is ed to maintain Canada's but out of character for e Guiringaud, whose background is that of a career diplomat rather than a politician.

"Our policy is non-interference," a French diplomat said to-day, but added that France could not be indifferent to what happens to Quebec, which has the largest white French-speaking community outside France.

Psychological sympathies between Quebec and France were underlined by M. Rene Levesque, Premier of the province of Quebec and leader of the separatists, who was recently quoted as saying that Quebec could always turn to France if there was a flight of capital and industry from the province.

English-speaking Canada's sensitivity over the ties between Quebec and France was demonstrated last month during a visit to Quebec and Ottawa by M. Alain Peyrefitte, the French Justice Minister.

ew Cabinet in Colombia

BOGOTA, Oct. 4.

SIDENT Alfonso López elsen has reshuffled the 13- Cabinet and appointed three ministers in an effort to ve a crisis caused by the nation of Sr. Rafael Pardo vas as Interior Minister.

e reshuffle maintained the ce of Liberal and Conservaparty representation in the net and confirmed in office only military officer in the net, Gen. Abraham Varón ela, as Defence Minister.

e re-alignment confirmed appointment last week of tor Alfredo Araujo Grau of Conservative Party as Inr Minister, the key political olio in the Cabinet.

also appointed Sr. Alfonso ins Rubas, an economist, as nce Minister in place of Sr. Abdon Espinosa Valderrama. Both men are Liberals.

Sr. Joaquin Vanin Tello, a Conservative lawyer, was appointed Agriculture Minister in place of Sr. Alvaro Araujo Noguera, a Liberal. Sr. Eduardo Gaitan, a Liberal, took over from Sr. Miguel Urrutia as Mines and Energy Minister.

The reshuffle followed the resignation of all but two ministers, after Sr. Pardo stepped down, to give the President a free hand in re-making the Cabinet.

Sr. Pardo quit following political and trade union criticism of his handling of a general strike last month, which led to rioting and the deaths of at least 18 people.

Reuter

Attempt to restart dock strike talks fails

By Stewart Fleming

NEW YORK, Oct. 4.

ATTEMPTS to re-open talks between the striking International Longshoremen and the North Atlantic shipping companies failed yesterday when Mr. Thomas Gleason, the International Longshoremen's Association's president, said after a meeting with the employers that they had offered "nothing but a prayer."

The meeting followed a decision by the director of the U.S. Government's Federal Mediation and Conciliation Service to come to New York to try and persuade the two sides to restart negotiations.

The dock strike in the East Coast and Gulf Coast ports of the United States entered its fourth day to-day, with reports that the dockers have effectively halted container ship services in all ports. The strike is selective, however, and conventional cargoes are still being loaded and unloaded.

One development, which is being interpreted as holding out some prospect of an earlier settlement than might otherwise be expected was a decisio nyesterday by New Orleans employers to withdraw a suit they had filed against ILA with the *National Labour Relations Board*. The complaint claimed the ILA in New Orleans had since July not bargained "in good faith."

It had been predicted that the filing of this complaint would make it more difficult to reach an overall settlement, since it questioned the validity of the normal pattern of bargaining, by which the contract agreed in North Atlantic ports forms the basis for a coast-wide agreement.

U.S. families' income rises

WASHINGTON, Oct. 4.

THE INCOME of American Families outstripped inflation last year for the first time since 1973, the Government has reported. At the same time, the number of people actually below the poverty line fell significantly for the first time in two years.

The commerce Department said that the median income of all American families rose by 9 per cent. in 1976 to $14,960. After adjusting for inflation, which was running at 6 per cent. that year, the median family income rose by $450, or 3 per cent.

The number of people living below the $5,815 poverty line declined by almost 3.5 per cent., although there were still almost 25m. people living with incomes below this threshold for a family of four.

The department said that despite the increase in income last year, it was still not enough to offset inflation in 1974 and 1975. While the income of white households increased last year, the study showed there were no discernible changes in the income of either blacks or hispanics.

Reuter

Updating the U.S. tax system, writes David Bell from Washington, is proving much more difficult than expected

Crossing the tax-reform minefield

PRESIDENT CARTER's long-awaited proposals to reform the U.S. tax system—"a disgrace to the human race," as he was fond of calling it last year—are not now expected to be made public for several more weeks.

The target date for their release was September 20. Then it was to be yesterday. Now it is really anybody's guess when the plan will be sent to Congress. And it is also increasingly anybody's guess what the details of the proposals will be. Reforming the tax system has turned out, as officials somewhat ruefully concede, to be much more difficult than most people expected.

Last May the President, while still campaigning for office, had no doubt about what he was going to do.

"Basically I favour a simplified tax system which treats all income the same, taxes all income only once and makes our system of taxation more progressive." That was a theme he sounded throughout the United States, and it never failed to evoke a sympathetic response.

A recent poll conducted by the Roper Organisation, for instance, said that 80 per cent. of those surveyed considered the federal tax system to be unfair, but the poll also uncovered one of the major obstacles facing Mr. Carter: it showed that most taxpayers may object strongly to deductions that are claimed by others but believe that their own deductions are perfectly reasonable.

And that is not the only problem that the tax reform group in the Treasury has encountered. Intensive lobbying in Congress by business and other groups has produced formidable objections to some of the proposals even before they have been made. Senator Russell Long, the powerful chairman of the Senate Finance Committee, and others have let it be known that they will fight some of the ideas once mooted by the Administration.

Meanwhile, the so-called root and branch reform of the tax system has got caught up in another argument inside the Administration about the need to provide greater economic stimulus to come into effect in the second half of next year. Thus, decisions about investment tax credits and the double taxation of dividends have become closely tied to the kind of stimulus that should be used in the middle of next year.

The result is a good measure of confusion. Indeed, the mess in to which the Administration's Energy Bill has got in the Senate these past weeks may be as nothing compared to the problems that a new Tax Bill will encounter unless there is some advance agreement before it is submitted. At the same time, as Mr. Carter has already learnt, Congress is in independent mood and inclined to trade one concession for another. That is one reason why the tax plan has been delayed until the Energy Bill can be got out of the way. Administration strategists fear that the tax and the energy proposals might become the target of prolonged and delaying horse-trading.

However, for all the confusion—and the secrecy surrounding the proposals—enough is known about their general outline to give a clear indication of the drift of the Administration's thinking. What is not fixed, and where speculation is premature, is the precise details of the plan, details which, of course, are vitally important to all those affected by the tax reform scheme.

The first aim of the proposals is to make the system fairer. It was most succinctly put by Mr. Michael Blumenthal, the Treasury Secretary, in a speech on September 20. "While we have a rough form of vertical equity—overall the code is progressive—we have a serious problem of horizontal equity among people who earn the same, but from different sources."

To correct this the Administration was initially all set to end the preferential treatment of capital gains under which they were taxed at about half the normal rate. On July 28 the Secretary said that "capital gains should in most cases be treated more like ordinary income" as a way of simplifying the complexity surrounding their present assessment.

The increase in capital gains taxes would be balanced by a reduction in income tax rates, particularly for lower and middle-income families and at the higher end of the scale. The maximum tax rate would thus become about 50 per cent. instead of the 70 per cent. at present.

> **"Basically I favour a simplified tax system which treats all income the same, taxes all income only once and makes our system of taxation more progressive," said President Carter during his election campaign, and the message never failed to evoke a sympathetic response.**

But the treatment of capital gains has turned out to be even more of a minefield than expected. There is now a proposal that capital gains should be indexed so that extra tax is not levied simply because of inflation. There is the issue of capital gains on property and the difficulty of deciding how to tax capital gains at death. And there is the danger, much stressed by business, that too stringent a tax on capital gains could "discourage capital formation."

As part of this aim to even out tax preferences, the Administration could come down hard on so-called tax shelters, which Mr. Blumenthal scornfully described in a recent speech as "a world in which companies buy other companies that are losing money, just for the tax benefits." Also under close scrutiny are the levels of deductions that should be allowed on such diverse things as business lunches, second homes, holidays and much else besides.

Each of these deductions has its friends in Congress, and the restaurant industry, to take only one example, has already begun lobbying furiously against a proposal to halve the business lunch deduction. It is therefore very difficult to say how the Administration will eventually decide to approach what at first seemed a relatively simple issue—the evening out of the system. And it is certain that whatever is decided will promptly be opposed.

The second major aim of the proposals, however, is likely to get a warmer reception. Put simply it is to use the tax system to encourage investment by business, to provide incentives that will balance, if not outweigh, the changes in capital gains. What the Administration fears, however, is that Congress will ignore the capital gains changes, embrace the incentives and the link between the two "halves" of the proposals thus needs careful study.

It now seems most likely that the Administration will propose some combination of a corporate tax cut, an increase in the investment tax credit and more liberal depreciation rules. As a further sweetener the Administration would also wholly or partially eliminate the double taxation of dividends.

The best current indication is that President Carter is thinking in terms of cutting the basic corporate tax rate from 48 per cent. to 46 per cent., increasing the investment tax credit from 10 per cent. to 12 per cent. (though possibly for only a short period), applying the investment tax credit to buildings as well as machinery and allowing accelerated depreciation with more generous write-offs for such items as pollution control equipment.

During his campaign last year Mr. Carter was all set to end the tax advantages enjoyed by U.S. companies overseas under which they can defer tax—and in some cases effectively never pay tax—on the income of foreign subsidiaries. The best known example of these are the so-called DISCS (domestic international sales corporations). However, the growing U.S. trade deficit has apparently prompted the Administration to think again, and it is now likely that, if they are to be phased out, this will take place only gradually.

But for now there is by no means unanimous agreement on any or all of these measures, with the President's Council of Economic Advisers arguing that it may be a bad mistake to include these incentives in a package that could be stuck in Congress for months. The Council believes that they may be needed much sooner than it now seems likely they will be ready—if they ever are.

There is, of course, one other set of calculations that has yet to be made but which will play a crucial part in the eventual decision. Present rough calculations suggest that if the proposals now being considered are implemented in anything like their present form the Treasury would lose about $15bn. a year, business would stand to gain between $5bn. and $7bn. and ordinary taxpayers would get the rest, largely because of the reduction in individual tax payments.

It remains to be seen how this fits into Mr. Carter's oft-stated target of balancing the budget by 1980, and it is by no means certain that the proposals would be enough to stimulate enough extra economic activity to outweigh the loss to the Treasury.

OVERSEAS NEWS

Japanese cabinet clash over hijack

BY CHARLES SMITH, FAR EAST EDITOR — TOKYO, Oct. 4.

A FURIOUS row was going on inside the Japanese Cabinet this afternoon over the allegedly irresponsible action of some Foreign Ministry officials in promising Algeria that Japan would not request the extradition of the 11 terrorists who arrived there yesterday on board a hijacked Japan airlines DC-8 airliner.

The officials who made the agreement were said to have done so without consulting their opposite numbers in other Ministries and, according to one version, without informing the Minister of Foreign Affairs, Mr. Iichiro Hatoyama.

The upshot of the row could be to oblige the Japanese Government to go back on its undertaking to Algeria and make a formal request for extradition after all. Such a request would be certain both to embarrass and infuriate the Algerians who clearly only agreed to take the terrorists in the first place on the understanding that the hijacking incident would be considered closed once the aircraft had landed.

At a Cabinet meeting this morning, the Minister of Justice, Mr. Hajime Fukuda (who has taken exception to the Government's handling of the incident from the start) apparently claimed that officials of his Ministry had been informed of the promise not to seek extradition late on Monday evening, after the Japanese ambassador in Algiers had communicated with the Algerian Government.

The Minister of Transport, Mr. Hajime Tamura, was reported to have said that he learned of the agreement on Tuesday morning, despite the fact that his Ministry was considered to be one of those directly concerned with the handling of the incident. Protests also came from the Health and Welfare Minister, Mr. Michio Watanabe, who said the handling of the affair was an "outrage."

Reports on what went on at the Cabinet meeting were not confirmed this afternoon by the Foreign Ministry, which confined itself to describing the situation as "complex and delicate." However, the Foreign Minister was quoted as saying that his Ministry was to blame "if there had been some failure of communication."

Apparently, this does not mean that the Foreign Ministry regrets its decision to forego the chance of requesting extradition. Mr. Hatoyama said that what had been done was "inevitable." His aides also stressed that he had no intention of resigning over the affair although it is relatively common in Japan for Ministers to resign to take responsibility for blunders committed by subordinates.

The Minister of Justice is expected to resign together with his Parliamentary Vice-Minister as soon as the latter returns to Tokyo with the official hi-jack counter-measures team, of which he is a member.

After what seem to have been some extremely angry exchanges at the morning Cabinet meeting, Ministers directly concerned with the hi-jack affair met again this afternoon to decide whether or not the Government should in fact go back on its commitment to Algeria and formally request extradition. The meeting was termed "inconclusive" by Foreign Ministry officials and was resumed again in the evening.

Ihsan Hijazi adds from Beirut: Mediators from the Palestinian guerilla movement have arranged a deal which will ensure the release unharmed of the kidnapped West German industrialist, Herr Hans-Martin Schleyer, according to a Lebanese-owned news magazine.

Al Watan Al Arabi, a Paris-based Arabic publication, said that a Lufthansa airliner was standing by to fly 11 members of the Baader-Meinhoff gang to Aden. Once they reached their destination, Herr Schleyer will be released, the story said.

Party row opens rift in ruling Malaysian coalition

BY WONG SULONG — KUALA LUMPUR, Oct. 4

THE POLITICAL rift between the two Malay parties in Malaysia's ruling National Front coalition has yawned in the past few days after the expulsion of the Chief Minister of Kelantan State from the Party Islam.

The United Malays National Organisation, UMNO, has seized on this split in the ranks of the Party Islam as the best opportunity to dislodge its one-time arch rival from its stronghold.

The Party Islam, which has been in control of the predominantly Moslem, east coast state of Kelantan for the past 20 years, is trying to force the Chief Minister, Datuk Mohamed Nasir, to resign. However, the UMNO insists that his position as Chief Minister depends on the 11 partners of the National Front.

This has brought a sharp warning from the Party Islam President, Datuk Asri, who warned that his party would leave the Front if interference in the party's "internal affairs" continued. Datuk Asri, a Minister in the Federal Cabinet, is planning to fly to New York, where the Prime Minister, Datuk Hussein Onn, is visiting.

The Kelantan Chief Minister, whose differences with Datuk Asri are of long standing, was expelled from the party, after he revoked several timber concessions, given out when Datuk Asri was Chief Minister.

The party is hoping to vote the Chief Minister out of office at the Kelantan State Assembly meeting on October 15. It has 21 seats in the 36-member Assembly, with UMNO controlling the remaining 15 votes.

The UMNO and Party Islam have been bitter rivals for the Malay votes, and although the Party Islam joined UMNO in the Front in 1973, the old rivalry continues.

Government arrests 300 of Bhutto's supporters

BY SIMON HENDERSON — ISLAMABAD, Oct. 4.

SOME 300 workers for the Pakistan People's Party of the former Prime Minister, Mr. Bhutto, have been arrested in southern Sind Province since the postponement of Pakistan's elections three days ago, party sources said to-day.

The sources said that 100 workers from small towns and villages had been arrested immediately after the broadcast by Gen. Zia-Ul-Haq, the martial law administrator, banning all further political activity. Some 200 more had been detained since then.

Other sources in Karachi said that a few members of the former opposition Pakistan National Alliance were also thought to have been arrested for infringing the ban. There has been no official statement about any arrests. The names of some of those said to have been detained were printed in the People's Party newspaper in Karachi.

One political leader has spoken out against the reported arrests. Mr. Mushin Pesh Iman, the Karachi representative of the Tehriq Istiqlal Party of retired Air Marshal Asghar Khan, said no one should be arrested without a charge being laid against them. If the arrests have occurred, it is likely that they are a precautionary measure by the authorities to prevent political violence.

In his speech, General Zia spoke of the country being on the brink of chaos. There had in fact been comparatively little unrest, but what trouble there had been took place in the province where the arrests have reportedly been made. When Mr. Bhutto was arrested two weeks ago there were disturbances in his home town of Larkana and last week sabotage was suspected when a train was derailed and two people killed.

Indonesia investment initiative

INDONESIA'S Investment Co-ordination Board (BKPM) was yesterday given additional powers to speed the processing of investment applications, our Jakarta correspondent writes.

The move was accomplished by two presidential decrees. The BKPM is now authorised to issue temporary and permanent operating licences for domestic and foreign investors, for acquiring raw materials, for issuing limited import licences, for issuing work permits for expatriates, for fiscal and import duty facilities and for issuing domestic trading licences on behalf of respective ministries. Only residence permits for expatriate workers will still be issued by the Immigration Office.

The changes follow complaints about the protracted processing of investment applications in the past, which tended to discourage investment activity.

Sri Lanka boycott

Sri Lanka's opposition Tamil United Liberation Front (TULF) was planning to boycott a parliamentary debate yesterday on a Bill to change the country's form of government, a front spokesman said, according to Reuter. The proposed Bill seeks to amend the five-year-old constitution to a combination of the British parliamentary system and Presidential-style rule. It provides for a President as chief executive while retaining the Prime Minister and Cabinet.

ILO Africa funds

The International Labour Organisation is to grant financial aid to liberation movements in Southern Africa, the ILO announced yesterday, according to Reuter. The amount of assistance will be fixed after talks between ILO's director general, Mr. Francis Blanchard, and delegates from Namibia and Zimbabwe (Rhodesia), the ILO's Press office said.

Victoria to use emergency law against power strikers

BY KENNETH RANDALL — CANBERRA, Oct. 4.

AFTER nine days of worsening effects from a strike of power station maintenance workers, the Victorian state government has decided to declare a state of emergency to-morrow and invoke legislation providing for fines and jail sentences for strikers.

The measures were announced tonight by the Victorian Premier, Mr. Dick Hamer, after a mass meeting of the striking workers rejected the latest formula for a return to work. Efforts to resume negotiations on pay and overtime claims, which are the basis of the dispute, were still going on tonight, but without much hope among the parties that they would succeed before to-morrow.

According to industry estimates, more than 300,000 Victorian workers had been stood down by to-day because of the power restrictions. Cumulative wage losses since the restrictions and stand-downs began last month are estimated at $A33m. and production losses at more than $A50m.

Stand-downs are expected to increase at the rate of 50,000 a day as the power restrictions continue. Eighty per cent. of Victorian manufacturing industry is estimated to have closed down already, public transport services have been halved and television transmission hours have been curtailed.

Mr. Hamer intends to act to-morrow under the Essential Services Act, which has never been used before. Amendments were introduced by the Government in the state parliament to-night to widen the scope of the Act before it is invoked to-morrow.

Instead of covering only the maintenance of essential services, the legislation would then cover situations where the normal jobs of non-strikers are in jeopardy, where public health and safety factors are [illegible] and where the maintenance of power supplies [illegible] order" is involved.

With the strike by some 2,000 maintenance men now [illegible] weeks old, the Victorian State Electricity Commission [illegible] to-night that it could not [illegible] tee minimum power [illegible] even for such users as [illegible] and food processing plants.

There is also the growing [illegible] of the strike effects [illegible] beyond Victoria [illegible] mobile and general [illegible] industries. General Motors Holden deferred again to-day a decision on standing [illegible] ployees at plants in Queensland and New South Wales [illegible] Australia, but said there [illegible] a "slim hope" that it would be able to hold its hand [illegible] to-morrow.

Bank intervention holds down yen

BY OUR OWN CORRESPONDENT — TOKYO, Oct. 4.

THE JAPANESE yen was apparently prevented from passing through the position of $1=Y260 to-day, by heavy intervention in the market by the Bank of Japan.

The bank, according to some reports, began buying dollars late on Monday, after initially remaining on the sidelines, and then continued buying heavily in the market to-day—possibly taking in as much as $400m. out of the total of about $1bn. traded during the two days ($524m. on Monday and another $484m. to-day).

The result of the bank's intervention was reflected clearly in the exchange rate fluctuations to-day which had the yen starting the day at 260 to the dollar and then rising close to 262 before finally closing at Y260.

On Monday night the market had closed at $1=Y262.05, a sharp gain of nearly 2.5 points from the closing rate of the previous week.

The intervention to-day by the Bank of Japan probably represented a holding action pending official decisions as to where the yen should move in the next few months. These may be taken very shortly.

Private bankers, in the meantime, seem certain that the government will soon allow the yen to go forward of 260 to the dollar, possibly [illegible] that rates of 259 are now being quoted for the yen on some overseas foreign exchange markets. During the last quarter of the year, Japan may resign itself to seeing the yen float between 260 and 250, with some observers expecting it to move through even the 250 point by the end of the year or soon after.

INDIAN POLITICS

Crushing the Gandhi myth

BY K. K. SHARMA, NEW DELHI CORRESPONDENT

DEMANDING handcuffs as the police arrived to arrest her, Mrs. Indira Gandhi stepped back into the role of an Indian Joan of Arc—a role she first took up during the Congress Party's struggle for independence. Ever since her election defeat last March, the Janata Government has been trying to penetrate the formidable aura of feminine heroism that the former Prime Minister built around her controversial personality, to destroy the myth of a helpless woman struggling against overwhelming odds to retain her honour and freedom.

Mrs. Gandhi very nearly succeeded in doing this herself. She withdrew into a shell after being rejected by the electorate, letting the new Congress leadership struggle against the Janata Government's clumsy political manoeuvres to dislodge it. In the process, Mrs. Gandhi very nearly split the Congress; despite her public posture of being above it all, she successfully pulled the strings that moved the puppets.

But she soon realised that withdrawal from public life would make her more vulnerable. And, as her controversial son Sanjay and her close supporters were pulled into the Government's net, Mrs. Gandhi made a dramatic re-entry into the Indian political scene.

Two months ago, Mrs. Gandhi made what seemed to be a trip of penance. She flew to the retreat of Acharya Vinova Bhave, spiritual heir of Mahatma Gandhi—to meditate for three days—a superb act of expiation that won her a great deal of sympathy. She followed this with angry public speeches and Press interviews alleging "witch-hunts" against her and her supporters, preparing herself for the martyrdom when the inevitable arrest came.

The arrest has now been made. It did not last long and Janata probably did not expect it to last more than 24 hours, but it was sufficient to start the ball rolling to set the stage for India's Watergate and the country seems fated for the same kind of trauma that President Nixon brought to the U.S. The Janata Government waited nearly six months before acting decisively: when it did so, the manner in which it acted revealed the twin objects of destroying the myth of Mrs. Gandhi's invincibility and incorruptibility, and of inflicting the maximum political damage on the crumbling Congress Party. The second is as important for the Janata Party as the first. It must, if it is to survive as a party formed by five disparate groups, block Congress attempts to present itself as an alternative to the Janata, Mrs. Gandhi.

Hence the number of cases announced at the time of the arrest. Mr. Charan Singh is a wily political animal and he has braved in stoic silence charges that he was merely nibbling at Mrs. Gandhi's empire while allowing her to get away. That he had something devastating up his sleeve was revealed just about three weeks ago when he said that if Mrs. Gandhi were to be arrested, it would be on specific charges under Indian criminal law.

Whether Mr. Charan Singh will be able to make the charges stick will be known only as slowly as they were made. Indian court procedures are notoriously slow and it is in Mrs. Gandhi's interest to prolong them on technical grounds. After all, she has her back against the wall and her strategy is to present herself as a martyr.

She can be expected to continue to play this role to the end, hoping to arouse public sympathy. Indian evidence laws demand that the Government prove conclusively that Mrs. Gandhi is guilty of the specific charges of corruption brought against her, charges that amount to abuse of her position—not merely for political survival but also for financial gain. She could have expected such serious charges to be made against her (as distinct from those against Sanjay and his cronies). If the authorities can make the charges stick, it will destroy Mrs. Gandhi's image as the protector of the weak, on which her political support was based.

Simultaneously and separately the Janata Government has declared war against the Congress, bringing a myriad of cases involving a contract for offshore drilling, misuse of jeeps, and of advertisement in "political souvenirs." The Congress is vulnerable because about 150 companies have made statements to the Government that they were forced to make inflated contributions to "souvenirs" to be published by the Congress before the March general election but which had never seen the light of day.

It is common knowledge that the Congress is on the verge of bankruptcy. Where have her vast sums collected as campaign funds gone? The Government alleges they were embezzled, and if it can prove this it is not merely Mrs. Gandhi who will be destroyed: it will mean the break up, for the time being at least, of the Congress since the implication will be that the party's office-bearers siphoned off the funds for themselves. Hence, among the many arrests made yesterday, there are many key Congressmen.

This is attempting conquest on the grand scale. In deciding to take on the Congress as well, the Janata Government has taken into account two important facts. It has found the new Congress leadership unco-operative on such vital issues as constitutional reform (since the Congress has a majority in the Upper House of Parliament its support is needed for restoring the Constitution to its original form of the pre-emergency period). The Congress leader of the opposition, Mr. Y. B. Chavan, said recently "We cannot be taken for granted." Further the powerful faction in the Congress that supports Mrs. Gandhi has lately been gaining strength—the faction that wants to get rid of her is being forced to comply.

By arresting Mrs. Gandhi the Janata Government may be trying to cleanse public life in India and setting an example for politicians hoping for plums of office. But it faces the danger of destroying a two-party system that seemed to have emerged after the general election and weakening the democratic system that enabled it to gain power.

The Janata Party will say its hands have been tied because of the attitude of the Congress and the apparent inability of its new leaders to drop Mrs. Gandhi. There is much truth in this. But there is also the possibility that it is preparing the country for pyrotechnics that could shake its confidence in democracy, and doing so, for political ends. The Janata Government has not much to show for its first six months in office—perhaps the current drama will provide a needed diversion from its own internal troubles.

WORLD TRADE NEWS

Hong Kong transit for tender soon

HONG KONG, Oct. 4.

THE HONG KONG Mass Transit Railway Corporation (MTR) estimates that the extension from 15.6 to 26.3 kilometres of the colony's rail system, to be constructed between 1978 and 1982, will cost a further $HK4.1bn. This is including price escalation but excluding financing and land costs.

Work on the extension is expected to start around mid-1978, following tenders early in the year, and will not require funds until late 1978, MTR chairman Norman Thompson says.

In line with its continued interest in funding in Hong Kong dollars, the same currency as its eventual income, the MTR would also aim to denominate more contracts in local currency for the extension, he said.

The export credit share of the extension costs should also rise to around 50 per cent. from 40 per cent. for the initial system, due to the higher electrical and mechanical content compared with civil engineering costs.

Mr. Thompson said he does not expect the recent series of Hong Kong denominated offshore bond issues to interfere with the MTR's borrowing plans.

No firm decision has been made on whether the railway could also raise such bond money free of the 15 per cent. local withholding tax, he added, but this does not need to be resolved until nearer the time.

The MTR will discuss in the next few months a further possible local bond issue for early 1978, and changes which could be made to existing standby credits, Mr. Thompson said.

Construction spending to date has been covered by export credits, government equity capital, an earlier bond issue and proceeds from its property developments, and property funds and overdrafts, should carry it through to the end of 1977.

The railway could then start drawing part of $HK1.25bn. in local floating rate facilities arranged earlier this year by Wardley, Schroders and Chartered and Citicorp International Group, Mr. Thompson said.

However, bond issue proceeds would be used before these facilities, having the advantage of a fixed rate and a longer term of 10 years or so compared with seven years, he said.

The next local bond issue would probably be less than the $HK400m. issue in 1976 and could be subscribed over a period in line with financing needs, he added.

The Corporation has cancelled half of a $U.S.400m. standby arranged by Manufacturers Hanover and $HK200m. of a $HK500m. standby from Wardley following arrangement of the lower interest rate floating rate facilities, Mr. Thompson said.

Now, in the context of financial planning for the recently approved extension of the initial railway system, what remains of these two standby credits from 1976, which have never been drawn, could be substituted or converted into new $U.S./$HK standbys.

The initial system is forecast to cost $HK5.7bn.-$HK5.8bn., including accrued interest on loans, until it is fully operational in 1980.

Reuter

Stronger sterling clouds ICI exports

By Kevin Done, Chemicals Correspondent

IMPERIAL Chemical Industries, which in the first half of the year pushed up the value of its exports by 25 per cent., is now facing tougher obstacles in export markets with the hardening of sterling.

Mr. Bill Duncan, ICI deputy chairman, has told the company's weekly staff central business and and investment committee that the United States was alone in enjoying a continuing rate of reasonable economic growth.

Elsewhere the current economic cycle appeared to have reached "a plateau halfway up the up-swing." A lack of confidence was being shown by both governments and industry.

So far this year ICI has succeeded in achieving a better trading performance than most of its European competitors because of the favourable geographical spread of its operations.

The group's capital investment programme has been increased this year by £100m. to some £900m., according to Mr. John Lister, the planning general manager. Of this some £70m. is being spent in the U.K.

Referring to the company's plans to build a major new chemical site at Wilhelmshaven in northern Germany, Dr. Vic Cove, chairman of the Mond division, said that the size of the possible chlorine, vinyl chloride monomer, and polyvinyl chloride plants had not yet been decided.

Current investment in pvc plants at Runcorn and Hillhouse on Merseyside would be sufficient to supply demand in the U.K. and exports to 1982-83. The size of the plants in Germany and of the proposed new chlor-alkali complex at Wilton on Teesside were being studied in relation to raw materials and markets.

These businesses had to be developed outside the U.K., however, in order to keep the company's large scale technology up to date, to expand its world market and to defend its U.K. market. Nothing could be worse for jobs in the U.K. than if an aggressive competitor established large scale manufacture at Wilhelmshaven with advanced technology and good export potential instead of ICI, he said.

Takeovers by Zambia to end

BY MARTIN DICKSON

ZAMBIA has reached the end of its nationalisation programme, according to the country's Finance Minister, Mr. John Mwanankatwe. "We feel we have more or less reached the limit," he told reporters as he was passing through London after attending the IMF meeting in Washington.

Mr. Mwanankatwe pointed out that Zambia's New Industrial Development Act gave foreign investors immunity from nationalisation, "unless the highest considerations of public interest so require."

He said the new Act, which received Presidential assent at the end of August, made clear that Zambia accepts a mixed economy as a basis for development and welcomes foreign investors.

The new Act replaces Zambia's Pioneer Industries Act which, the Finance Minister said, had proved to be, "useless legislation," because it gave insufficient incentive to investors and involved cumbersome procedures for according a concern priority status.

Mr. Mwanankatwe acknowledged that difficulties over import licences and foreign exchange had constituted a real constraint on investment during the past three years. But, he added, the new Act specifically provided that new enterprises which the Zambian Government regarded as "priority" concerns would get special treatment in the issuing of import licences and the provision of foreign exchange. This was not the case under the Pioneer Industries Act.

The Finance Minister said Zambia was particularly keen to promote industry in rural areas that utilised local raw materials. The Act provided more incentives for industries in rural areas than those in urban areas.

He noted that in anticipation of the new Act he had announced in this year's budget more attractive terms for the repatriation of profits and dividends. Zambia hoped eventually to return to a position where there was no restriction on the remittance of profits and dividends.

The Finance Minister also said that Zambia's third five-year development plan, originally intended to come into effect at the start of this year but then put off to January 1978, would now not come into effect until January 1979.

One reason for this was President Kaunda's recent decision that the draft plan did not take the private sector sufficiently into account and so more consultations were needed. The plan was now likely to be published next April or May.

Sweden confirms collapse of pulp prices

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 4.

TWO of Sweden's biggest pulp producers, Stora Kopparberg and Sodra (the southern Swedish forest owners' group), confirmed to-day that they have cut the prices of their bleached grades by $40 a ton from October 1 in an attempt to stabilise the West European market.

MoDo, whose managing director, Mr. Matts Carlgren, said after the devaluation of the krona at the end of August that his company would not cut pulp prices, also announced to-day that it was following suit. Similar announcements were expected from other Swedish producers.

Sodra and Stora Kopparberg together account for more than a quarter of the Swedes market pulp capacity of 5.5m. tonnes a year.

The Swedish move means that the Nordic producers' two-year effort to maintain prices has definitely collapsed in the face of the low-price penetration of the West European market by North American suppliers. Yesterday the Finnish mills announced that they would follow the Swedish lead.

The new Swedish prices for the last quarter of 1977 are $350 a tonne for bleached sulphate pulp, $330 a tonne for bleached sulphite and $295 a tonne for birch pulp. The third-quarter price for bleached sulphate was originally fixed at $415 a tonne but slipped to $390 a tonne.

North American producers, however, continued to undercut the Swedes, whose loss of market shares forced them into production cuts. The mills have been operating at 65-70 per cent. of capacity but pulp stocks at the end of August were still around 1.2m. tonnes, or only just over 200,000 tonnes less than at their peak.

Mr. Bo Wergens, director of the Swedish Pulp and Paper Mills Association, said: "We are trying to stabilise the market and at the same time indicate to other suppliers that we are in the market to stay."

The 13-15 per cent. reduction in the pulpwood prices paid to forest owners negotiated last month, coupled with the krona devaluation, has given the Swedish mills the competitive margin to meet the North American prices.

A contributing factor to the Swedes' decision has undoubtedly been the developments in Canada, where pulp stocks have been growing as a result of the weakening in demand from Japan.

The Swedes believe that, while the North Americans were still selling at a profit in West Europe at a price of $390 a tonne for bleached sulphate pulp, the decline to $350 a tonne will squeeze their margins sufficiently for them to be happy to let the market stabilise at that price.

Mr. Gunnar Olin, Sodra's information officer, said: "We have been tumbling headlong downstairs. It is as well for us to land on a low but safe stair, from which we can begin to climb up again.

"Our customers have been expecting a further price plunge. If we settle at a price as low as $350 a tonne, they cannot really expect us to go down further."

The Swedes argue that stabilisation of pulp prices at the new level will also benefit the West European paper manufacturers, who have been operating at a loss.

Kenya vehicle sales boom

As demand for commercial vehicles in Kenya picks up, major companies are increasing output from local assembly plants. JOHN WORRALL in Nairobi looks at the industry.

IN SPITE of the troubles facing the East African Community, the future of Kenya's infant motor industry appears to be secure. It owes much of this to the recent boom in the coffee industry and the demand it has created in new one-ton pickups, which can be used for both farm and general purposes. About one-third of all vehicles sold in Kenya to-day are in this category.

Fortuitously this flood of coffee money coincided with the emergence of Kenya's three brand-new commercial assembly plants, and one to come.

Locally assembled pick-ups like the General Motors LUV are already rolling off the assembly lines of the £5m. plant in Nairobi, which is to be officially opened in November.

Others are coming from the Mombasa plant of Associated Vehicle Assemblers, the £5m. Inchcape-Mackenzie, Lonrho and Kenya Government consortium, which is assembling an unlikely assortment of Datsun, Ford, Mercedes, Mazda, Peugeot, Renault and Toyota commercial vehicles.

First of Kenya's assembly plants to come on stream, last year, was the £3m. Leyland Kenya plant at Thika, outside Nairobi, which is now producing 200 vehicles a month, including Land Rovers, Range Rovers, Combis for Volkswagen, Scammell Crusaders, and Clydesdale buses. Next year they are assembling Mitsubishi trucks.

Land Rovers are selling like hot cakes to farms, development sites, Government agencies, the police and others. No self-respecting embassy is without a Range Rover. Quietly Land Rovers are being exported across Tanzania's forbidden territory to Zambia.

Leyland has a 45 per cent. holding in the company, the Kenya Government 35 per cent. and the local Cooper Motor Holdings has 20 per cent. British Leyland are managing the plant. The latest in the assembly field is Fiat Kenya, in partnership with a local organisation, Gema Holdings, which has an 85 per cent. holding in the company. It is to assemble some of the bigger range of Fiat trucks, but agreements have not yet been signed with the Government.

General Motors, with an enormously prestigious plant, second in Black Africa after Zaire is specialising in six-ton Bedfords, which are already on stream in a small way, Isuzu trucks, and the Chevrolet LUV.

All these plants were planned years ago with exports to the whole East African community well in mind. With the break-up of most parts of the community in recent months exports have receded into the background. It has therefore been a lucky break for the plants that Kenya's economy should have shown an upturn this year. Mr. Richard Thornton, managing director of General Motors, said: "We shall sell everything we assemble next year to the Kenya market, and so will the others." He estimates the total Kenya market is 9,000 commercial vehicles a year, which the three plants plus one to come, can just about cope with.

A remarkable feature of these operations is that all the plants are starting from scratch with African labour, which is unskilled, but becoming—through touch training—semi-skilled and skilled. Experienced technicians come from Britain, the U.S. and Japan to show how it is done. All are dealing with completely knocked-down kits, and highly sophisticated assembly tools and machinery.

General Motors are using Nairobi University graduates in administration and finance posts and keep expatriate labour to a minimum.

The development-conscious Kenya Government has shown enthusiasm for the assembly operation from the start. Between them the three plants, when fully launched will employ some 1,500 Africans. All are committed to use considerable quantities of locally made components, such as oils, greases, hydraulic fluid, sealers, adhesives, batteries, tyre tubes, paints, flat glass, canvas hoods, radiators, silencers, leaf springs, wheel carriers, seat frames, soft trim upholstery and insulation.

In five years it is estimated that about 40 per cent. of vehicles assembled in Kenya will be made on the spot. The total market for commercial and private vehicles has had its ups and downs since 1971, when 14,500 were registered. There was a dip to 12,500 in 1972, and with the fuel crisis, went down even further to 10,850 in 1973. There was a comeback next year to 13,750 registered, with about the same in 1975. Last year there was a slight drop, but forecasters are tipping a sharp rise to 15,25[illegible] for this year.

The possibility of assembling saloon cars in Kenya is discounted, mainly because it would need a much larger market than Kenya can offer and assembly equipment has to be much more sophisticated.

Abu Dhabi gas plant open

By Ray Dafter, Energy Correspondent

ABU DHABI, Oct. 4.

THE MIDDLE EAST which, through its huge oil resources has become the major free world suppliers of energy, entered a new phase of development to-day with the official inauguration of liquefied natural gas exports from Abu Dhabi.

A plant built on the tiny Gulf island of Das at a cost of $565m. prepares gas, once wasted, for shipment to energy-hungry Japan.

It marks the start of a new trend, for ambitious Das export plans are now coming to fruition. Apart from their oil wealth it is estimated that Middle East states also control well over one-fifth of the world's gas reserves.

For years this gas has been treated as a nuisance and flared to the atmosphere. With improved shipping technology and rising fuel costs, oil producers—including the U.K. Government—are now anxious to make the most of these gas reserves.

The United Arab Emirates have gained a head start. Since April, the State-controlled Abu Dhabi Gas Liquefaction Company (ADGLC) has shipped five cargo boats of LNG to the Tokyo Electric Power Company.

The gas is being sold under a 20-year contract with the price of the fuel linked to that of crude oil. Sheikh Zayed Bin Sultan Al Nahayan, president of the UAE, to-day inaugurated the plant which is now building up to a peak output of 3m. tonnes a year of LNG, liquefied petroleum gas and associated sulphur.

Alcoa in $5m. pilot plant

BY ROY HODSON

ABOUT $5m. is to be spent by the United States Government and Alcoa to build a pilot plant for the production of aluminium by a new process. To be sited near Pittsburgh, the plant will employ a "direct reduction" method based upon coal and cheap ores.

The heavy electricity demands of the conventional Hall process for making aluminium from bauxite are inhibiting the growth of aluminium smelting in the industrialised countries in spite of a steady growth in demand for the metal of some 6 per cent. to 8 per cent. a year.

Alcoa has been investing heavily to pioneer less expensive methods. An Alcoa improvement of the Hall process has been showing a 30 per cent. energy saving and is currently being extended into a 30,000 tonne a year operation in Texas.

The new process is described by the company as the third generation of aluminium production. It has been proved in the laboratory but is now to be tested in a full-scale plant.

The U.S. Energy Research and Development Administration is putting up $3m. and Alcoa $2m.

The direct reduction process to be used can be compared with the working of an iron-making blast furnace. Aluminium-bearing ores (not necessarily bauxite) will be mixed with a fuel derived from coal and heated in a closed vessel. One of the products will be an aluminium-silicon alloy. Another product of the process will be carbon monoxide which can be used as a fuel or a chemical feedstock.

Textile talks

Hong Kong and the EEC will start renegotiating their textile agreement on October 11 in Brussels, Hong Kong's chief negotiator, Mr. Lawrence Mills, said in Hong Kong. He told Reuters the EEC has formally notified Hong Kong's representative in Brussels of the starting date.

Israel imports more from U.K.

BY L. DANIEL

TEL AVIV, Oct. 4

ISRAELI purchases from Britain expanded by 6.6 per cent. in the first seven months of this year to reach £152.5m. while Israeli exports to the U.K. rose by 32 per cent. to £110m.

Israel thus remains among Britain's 20 largest markets, it was stated at a meeting here of the Anglo-Israel Chamber of Commerce, the largest and oldest chamber in the country.

The meeting took place in the presence of the new Minister of Commerce and Industry, Yigael Hurvitz, who stressed the need for eliminating non-essential imports and stepping up exports in view of the country's yawning balance of payments deficit ($3,250m. last year) and its huge foreign debt $10bn.

A steel town in decay

BY STEWART FLEMING, recently in Youngstown, Ohio

Mr. Edgar B. Speer, chairman of U.S. Steel (left) and Andrew Carnegie, "Big Steel's" foremost "robber baron."

IN FRONT of the neat brick municipal building in this town of 13,000 people is a memorial fashioned in black steel. The inscription reads "Presented to the City of Campbell, Ohio, July 1976 in commemoration of the Bi-centennial by Youngstown Sheet and Tube."

To-day those words have a bitter ring, for just three weeks ago the company dealt Campbell a crushing blow. The biggest employer in the town and the second largest steel tube manufacturer in the U.S., it announced without warning that it was closing most of its Campbell works.

By the end of the year the decision will put some 5,000 of the 8,300 employees at the plant out of work. It will probably send the unemployment rate in Campbell soaring to over 30 per cent, and it threatens to devastate the finances of this town and neighbouring Struthers. They depend on income taxes paid by steel workers and on property taxes from the plant to finance community services like the fire brigade and the police force.

The ripple effects on the finances of local shops and businesses associated with the steel works and on the families of the unemployed can all too readily be imagined. Mr. Mark Love, a local consultant, is already going round the local banks asking what they will do about unemployed steel workers who can no longer meet mortgage payments on houses costing upwards of $40,000.

While the emerging tragedy is local, the threat to these communities in north east Ohio, 60 miles south of Lake Erie, commands the attention of political leaders in Europe and Japan as well as in Washington, for mounting imports of foreign steel are blamed by industry and political leaders for what is happening.

President Carter last week responded to the Youngstown lay-offs and earlier cut backs in the steel industry's 480,000 labour force, which are putting close to 20,000 workers out of jobs, by announcing the formation of a special task force to examine the industry's plight. The announcement was in part cosmetic, for an interdepartmental task force has been at work for months already. But it is an accurate reflection of the intensifying pressure the president is under.

Key states

Over the past two years, particularly, other U.S. industries have fussed and fumed about mounting foreign imports—examples are textiles, televisions and footwear. But none of these groups commands the political clout of "big steel" and the powerful Steel Workers union. The House of Representatives "steel caucus" now seeking to meet with the President and impress on him the need to control imports, can count on almost one quarter of the House membership. It includes members from such key industrial states as Illinois, Indiana, Pennsylvania as well as Ohio—states which are frequently crucial in the election of Democratic presidents as Ohio was in the election of President Carter.

A president who won that election in part on promises of employment to blue collar workers such as those in Campbell cannot afford to turn his back on them. And Senators and Congressmen who know that their re-election could hinge on making sure he does not forget his pledges are not about to allow him such a luxury. Steel, they point out, is not only a basic industry, it is a strategic industry.

So there is little doubt that the Carter Administration is facing its most critical battle so far over trade policy: it is torn between its international free trade commitment and the potential cost of that commitment in the Senate, the House, and in the voting booths of one-industry towns like Campbell and Struthers.

How that conflict is resolved could tilt the balance of international free trade as well as the direction of the U.S. economy. Some economists have warned that with as much as one-fifth of the steel industry's plant obsolete in comparison with the technically advanced equipment in Japan, the steel industry's future is in the balance too. One argument runs that without protection—and perhaps financial help—the industry will fall further behind the Japanese. Others fear that this is the path to industrial decay, that protection and subsidies will sap the industry's strength. They mutter darkly about the "British disease."

And beneath the debate, forces which will shape the development of the country in what economists increasingly refer to as "the post industrial age" are at work.

A visitor who stumbled on Campbell would be hard pressed to believe as he turned off Route 422 that he had chanced upon one of the cradles of the U.S. industrial revolution. Driving down Twelfth Street towards the Mahoning River Valley past blocks of spruce detached homes—many with two cars in the garage — presents an altogether different vision of industrialisation than say a trip to Oldham or Sunderland.

But then on the crest of the hill overlooking the Mahoning Valley he would taste the first pungent odour of sulphur and gas and moments later see the plumes of thick orange smoke spurting from the chimneys that dominate the blackened steel mill sheds.

From that point, down into the pit of the valley, past increasingly derelict brick or wooden homes, the visitor from Europe would find the scene uncannily familiar. So be should. For the steel works, pock-marked with age, which are dotted along the 25 miles of Mahoning River around Youngstown were built 70 years ago. "Big steel's" foremost "robber baron" Andrew Carnegie must have known the area well. The United States Steel monopoly he created with banker J. P. Morgan still has its Ohio works here. And like Youngstown Sheet and Tube which was founded in 1902, it is still dependent on the basic plant built at that time.

The steel workers who operate these plants are less convinced by the arguments that foreign imports are largely to blame for the Campbell works closures than the management would like to admit. The familiar theme is that the Lykes Corporation, the shipping company which took over Youngstown Sheet and Tube, has exploited the company it acquired, a company eight times the size of Lykes. "They bled us," says Bill Sferra, a local steel union official, referring to the failure of the Lykes company to invest in modern equipment, a failore which is widely recognised as the real cause of the undermining of the Youngstown Sheet and Tube finances.

Dave Brown, a millworker at another local plant, sums it up: "We have even got steam engines still running the rollers in our mill. They don't bother to repair things any more; they are just running them into the ground. It's worrying even running those blast furnaces any longer. They're shot — they could blow their tops any time."

Wheelbarrow

Gerald Dicky, a union official, says that at his plant some raw materials, such as manganese, are still being moved by wheelbarrow. Father William Hogan, an academic and recognised U.S. steel industry authority based at Fordham University, New York, confirms the impression which a glance at the valley's steel works creates. He describes the facilities in the district, which include plants owned by U.S. Steel and Republic Steel as "inherently turn of the century." Their blast furnaces were all built between 1902 and 1921, he says. He suggests that as of last August the working plant was one-sixth less efficient than the average for U.S. industry and about half as efficient as the best U.S. equipment, which itself is no match for the most up-to-date Japanese plant.

It is a recognition of the antiquity of the facilities in the Mahoning Valley which is casting a pall over the region. Everybody believes that more closures are to come.

Bill Sullivan and Patrick McMahon have been co-ordinating the valley's efforts to save the local steel industry for three years through an agency built up by Sullivan—the Western Reserve Economic Development Agency. Their families both came to the U.S. in the years following the Irish potato famine and, like so many of the Irish, Italian, Hungarian and Slovene settlers in this corner of Ohio, their roots here go back two and three generations.

For Sullivan the issue is in some ways a simple one. The Mahoning Valley is essentially a one industry district—steel. If the industry dies so do communities like Struthers and Campbell. But, be says, the time bas gone when Americans could simply get up and go when they bave exploited a region. Unemployment is running nationally at over 7 per cent. The service industries are growing faster than manufacturing and the skills of steel workers are not in much demand. Therefore he is fighting to keep the mill open and, he told a town meeting in Struthers, if Youngstown Sheet and Tube won't save the mill "then we will run it ourselves" in public hands.

Patrick McMahon graduated from Georgetown University in Washington in 1971 and really belongs to the radical student breed which fought for Civil Rights and against the war in Vietnam, and the pollution of the environment by industry. For the past three years he has been fighting to allow the Mahoning Valley steel industry to carry on polluting because the alternative — closing many of the mills and destroying the community—was the greater of two evils. He concedes that the Mahoning River "has been clocked at 90 degrees Fahrenheit in the middle of winter." In deference to his past he says that he wants to continue to improve the environment "to the greatest extent possible." But he argues it is unreasonable to try to force the local companies to spend the $150m. for pollution control, needed to keep some of these obsolete plants operating.

As the fight to save the plant continues, steel workers such as Bill Sferra wonder about their future and the future of their colleagues.

Benefits

As Sferra sees it the immediate outlook is not too bad. "The average Joe in the mill is not going to be affected for a while, he may even be making more." He estimates that unemployment benefits (tax free), and union payments could add up for such a man to nearly $270 a week, more than he might be getting working, after paying tax.

But after six to nine months the going will get tough. Unemployment benefits will run out and the unemployed will have to turn to welfare which runs at $270 a month not a week.

The steel worker has been a member of the industrial élite in the U.S., earning some of the highest hourly wage rates among blue-collar workers. The collapse from relative affluence will be painful for those who fail to find work, especially in a country which often pays no more than lip service to the needs of "failures" who are unemployed.

At the town meeting in Struthers last Thursday night one sensed the shifting mood and changes in attitude. Thus Father Ed Stanton, speaking on behalf of the district's churches—Protestant and Greek Orthodox as well as Catholic and Jewish—said: "We have a serious concern about an economic system that would allow good men to agonise over a decision directly affecting the entire community in the isolation and secrecy of a boardroom. We feel the system is inadequate and there must be a redefinition of the relationship between a corporation or an industry and the community in which it transacts business." Then, the 600 citizens stood, a young woman came forward and in a searing contralto sang the Lord's Prayer.

HOME NEWS

Dublin to drop terror arrest measure

By Our Own Correspondent

THE IRISH GOVERNMENT is to drop one of the most controversial anti-terrorist measures brought in by its predecessor, under which suspects could be detained for up to seven days without charge.

The Cabinet decided yesterday not to renew the measure when it expires on October 16. The Fianna Fail Government opposed its introduction when in opposition and promised during the election campaign to review it if elected.

The seven-day detention, which comes under Section Two of the Emergency Powers Act, was born in controversy and remained the source of deep division in Dublin.

It was introduced after the assassination of Mr. Christopher Ewart-Biggs, the British Ambassador, but was referred by the President to the Supreme Court as a constitutional test. The subsequent row led to the President's resignation.

Since then, its operation has been linked with allegations of police brutality against people in custody.

Brutality

The Cabinet discussed the report yesterday but decided to put off further consideration until next week when the Government hopes to be more acquainted with the facts.

Critics of the Government in the Republic and elsewhere, are likely to see the dropping of the measure as the first sign of a softer approach to the IRA but this could be misleading.

It would have been very difficult for Fianna Fail to reverse its attitude to the Act without convincing arguments that it was proving useful. A point made by civil liberties groups, and others outside the Government party, is that, serious though the security situation may be, it is not so serious in the Republic as to justify the abrogation of rights enshrined in the Irish Constitution.

It would appear also that the State of Emergency, under which the seven-day detention was possible is to continue thus enabling the Government to introduce new emergency laws if it felt ... needed.

Go-ahead for Co-op agency likely soon

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE GOVERNMENT is likely to go ahead this year with the creation of a Co-operative Development Agency to co-ordinate the work of all the different kinds of co-operative enterprises in Britain.

An announcement may be made this month by the Prime Minister after the expected completion in 10 days of a working party report on how the agency should function.

The working party, comprising 30 representatives of Government departments and various co-operative interests, under the aegis of the Department of Industry, has been held up recently because its members have split over the agency's constitution.

This is likely to lead to a majority report, backed by the Co-operative Party, which will recommend the creation of the agency with a governing council of about 12 people appointed by the Government.

A minority report, written by some other co-operative interests, will say that full democratic procedures should operate and that, even though the Government might set up and fund the agency, some or all of its council should be elected direct by the co-operative movement. This view is likely to be rejected by the Government.

Division

Mr. Alan Williams, Minister of State, Industry, told a Co-operative meeting at the Labour Party conference in Brighton yesterday that electing the council would create division rather than unanimity.

It would not be possible for the Government to provide sums such as the £100m. called for by some co-operative interests to fund the agency.

The Department of Industry would be prepared, however, to provide cash to cover the agency's administrative costs during its first three years.

This means that, contrary to some fears in the private sector of the retailing and other industries, the agency will not have substantial funds of its own with which to subsidise co-operative businesses.

Instead, its task will be to co-ordinate and promote co-operative activities over a wide front including retailing, worker co-ops and those in businesses such as agriculture and finance.

It will provide advice and help co-operatives to obtain money from existing Government, industrial and other funds. It will also act as a central national voice for the co-operative movement.

Windscale 'jobs benefit'

BY IAN BREACH

WEST CUMBRIA would benefit substantially from the construction of a new thermal oxide reprocessing plant at Windscale, it was claimed yesterday.

A planning adviser, Mr. Michael St. John Hopper, who was retained by British Nuclear Fuels to prepare its application for the plant, told the public inquiry that an expansion could help to arrest depopulation in the area, at first by providing as many as 700 new jobs for local people.

Additional jobs, for workers from outside the region, would strengthen the general economic base by creating a demand for extra services.

On the oxide plant itself, the Windscale site had a number of advantages. It was relatively isolated with access to plentiful supplies of cooling water and could discharge low-level radioactive wastes to the sea. It was also close to suitable road and rail links.

An alternative site, which might take a long time and prove difficult to acquire, would be advantageous only if there were an insuperable objection to carrying out the proposed development.

The new plant would fit in with the County Council's long-term plans for the area's employment and development, and its amenities.

Reacting yesterday to the news that a contract had been signed between nine Japanese electrical utilities and the French nuclear fuel company Cogema, Mr. Con Allday, managing director of British Nuclear Fuels, said that it was very unfortunate that his company had to wait for the outcome of the Windscale inquiry before it could sign contracts, even on a provisional basis.

"We know that, apart from the Japanese, potential customers of the company—particularly in Germany—are very anxious to get the contracts signed. We know that some of them are talking to the French and we hope that we will not lose business."

'Disappointing' oil well at Brae Field plugged

BY KEVIN DONE

THE NINTH well to be drilled by Pan Ocean Oil on its Brae Field, east of the Orkney Islands, has been plugged and abandoned.

The Brae Field has proved to be one of the most perplexing oil-bearing structures in the U.K. sector of the North Sea.

Yesterday, Marathon Oil, of which Pan Ocean is a wholly-owned subsidiary, said in the U.S. that the well had encountered signs of hydrocarbons. The results were disappointing, and no testing programme was attempted.

The results of the ninth well drilled on the northern flank of the Central Brae structure in block 16/7 will dampen some of the optimism which arose after the eighth well was completed.

That one proved to be one of the most successful of the lengthy drilling programme.

The tenth well will probably be drilled on South Brae.

MR. MICHAEL CASEY 'Orders on commercial criteria'

Poland orders 22 ships from UK

BY STUART ALEXANDER

MORE THAN 8,000 jobs in Britain's shipbuilding industry would be secured for at least a year by a Polish order for 22 ships and two floating cranes, worth £115m., Mr. Callaghan said yesterday. The Prime Minister told the Labour Party conference: "There is every prospect of a contract this month."

Negotiations have been going on for nearly a year, during which the Poles markedly changed the type of ships they require and have cut the value of their order by £15m.

A team from Poland is expected to arrive within a fortnight to finalise details of the order and its financing. Orders could be placed with the yards within two months.

The ships would then be sold to a joint holding company operated by Britain and Poland and chartered to a Polish state shipping company.

Eight British yards have tendered for the work, but Mr. Michael Casey, chief executive of the newly-formed State consortium, British Shipbuilders, said yesterday that allocations had not yet been made.

Tyneside, Govan

Although it is expected that the bulk of the orders will go to the hard-pressed Tyneside and Govan yards, Mr. Casey said that orders would be placed on such strictly commercial criteria as ability to deliver and cost efficiency.

Financing would be on internationally agreed lines which required a 30 per cent. deposit with the remaining 70 per cent. at 7½ per cent. over seven years. British Shipbuilders would have a half stake in the holding company and, therefore, both Governments would be putting up 15 per cent.

But Britain would not be offering a preferential deal to a Communist shipping company at the expense of the taxpayer. A similar deal would be available to a U.K. flag carrier.

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Varley refuses special aid to cotton trade

BY RHYS DAVID, TEXTILES CORRESPONDENT

THE GOVERNMENT has rejected an appeal by Lancashire cotton spinners for emergency measures to ease pressure from low-priced imports.

Mr. Eric Varley, Secretary for Industry, was persuaded during the summer to send a departmental team to investigate the problems facing Lancashire spinners. He claims in a letter received yesterday in Manchester that it would be impossible to implement any of the measures suggested by the industry, including further unilateral restrictions on yarn imports.

He raises the possibility, however, of selective financial assistance under the Industry Act, 1972, and has suggested possible involvement by the National Enterprise Board's North West office in supporting companies.

Neither suggestion is considered particularly helpful by the industry, which blames imports, rather than finance, for its problems.

Mr. Edmund Gartside, president of the British Textile Employers' Association described Mr. Varley's reply as bitterly disappointing. He claimed that prospects for the industry had deteriorated further in recent months.

The association had put a four-point plan to Mr. Varley and the officials who visited the area. It had been hopeful that the long delay in replying—more than three months—indicated that action is being considered.

Mr. Varley says in his reply that extension of the Temporary Employment subsidy, due to end in March, would not be practicable for cotton spinning on its own, but the Government is considering the position beyond next March as it affects industry as a whole.

The letter also says that help for cotton spinners with stockholding — another suggestion made by the industry—had also had to be rejected.

Other industrial sectors, including some other parts of the textile industry were also suffering from excessive stock levels, Mr. Varley says. Furthermore, any action which would help to perpetuate stocks would only delay a return to more normal trading conditions.

On imports, Mr. Varley points out that the multi-fibre arrangement does not offer any scope for cutting, but only for restricting growth.

Unilateral action by the U.K. Government under the clause in the General Agreement on Tariffs and Trade which allows import restrictions where a market is being seriously disrupted would probably be opposed by Britain's European Community partners.

Mr. Varley claims, however, that the Lancashire industry should benefit as a result of the bilateral negotiations which the Community is holding with 30 supplying countries on textile import levels from the beginning of next year.

"We are determined that in these negotiations the Community's and the U.K.'s objective will be secured. We do not think we should jeopardise these objectives in the hope of short term benefit," Mr. Varley says.

Tory MPs scheme would end VAT

BY OUR LOBBY STAFF

A PROMINENT Conservative MP to-day outlines a scheme that would revolutionise Britain's tax system, by replacing the existing income and value added taxes by a monthly levy on expenditure extracted from an individual's bank statement.

The proposal, which comes from Sir George Young, MP for Acton and a junior Conservative Whip, would mean the disappearance of not only Value Added Tax and PAYE but the bulk of the over-burdened staff of the Inland Revenue as well.

The idea, which Sir George freely admits would require ten or 20 years to implement, is rooted in the belief that a tax system should be flexible and fair, simple and cheap, interfere as little as possible with consumer choice, and offer incentives to save.

All existing forms of personal taxation failed to measure up to these goals, and income tax collection alone probably costs up to £1bn. a year.

His solution is an expenditure tax whose rate would depend on the income of the individual concerned. "It is based on the assumption that within 10 years everyone will have a bank or giro account into which their taxable income will be paid.

The average employee would be paid monthly, gross by credit transfer to his bank. At the end of the month, his total income would be computed and the rate of tax fixed—perhaps 10 per cent. This rate would then be applied to expenditure and an automatic debit would be made for the Inland Revenue.

Tax allowances, Sir George says, would disappear. Instead, benefits by then would take the form of cash credits. Tax relief on mortgages would be abolished to be replaced by a householder's cash allowance.

Architects reverse promotion decision

By Michael Cassell, Building Correspondent

ARCHITECTS have decided to reverse a decision which would have allowed them to advertise their services.

The council of the Royal Institute of British Architects yesterday decided to rescind an earlier decision amending its code of professional conduct.

As long as the Architects' Registration Council approved, the move would have opened the door for architects' practices to promote themselves much more forcefully.

The proposals were put forward in July by the institute's policy committee but met overwhelming opposition from members.

Opinion polls showed that some 80 per cent. of architects were against the institute's recommendations, and last month Mr. Gordon Graham, president of the Institute, said that the decision would have to be reconsidered.

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Yesterday's decision does not mean, however, that the subject of promotion for the architectural profession is to be dropped.

Mr. Graham said yesterday that a report was to be drawn up by June on ways in which architects could make their services better known to potential clients.

Any proposals would have to be acceptable to the profession generally.

The move to allow architects to promote themselves more aggressively has arisen largely from the difficulties confronting the profession.

Commissions have been falling steadily throughout the recession and many practices have been forced to lay off qualified staff.

Architects have had to find overseas commissions to help offset the domestic recession and it is here that they may have become aware of the disadvantages imposed by their strict rules of conduct.

Many of their competitors are not restricted in marketing their services.

While most architects believe there is room for improvement in promotion, they felt that the latest proposals were unnecessarily aggressive and out of character.

Giro offers bridging and budget loans

By Christopher Dunn

NATIONAL GIRO, the Post Office banking operation, is introducing deposit accounts, bridging loans and budget loans in a move to broaden the services it offers to its 560,000 personal customers.

The three new services are part of the progressive expansion of Giro which started two years ago. Their introduction coincides with moves to merge the Post Office operation with the National Savings Bank into a single State banking operation.

Deposit accounts will be made available to all personal customers. "Interest on deposit balances will be paid on a daily basis and accounts sent to customers every six months.

Interest

"Bonus" interest will also be paid on the minimum balance in an account for each six-monthly period.

The new service will be introduced next spring, and rates of deposit interest will be announced nearer the opening date.

Bridging loans will be introduced sooner. They will help Giro customers with home finance. Only customers who have "pay through" Giro accounts will qualify for this service.

The same restriction will apply to the budget account service, designed to help customers spread payments such as car tax, clothes, gas and electricity bills, evenly over a two-year period.

Budget accounts, planned to come into operation next spring, will complement the existing free standing order service.

Giro is aiming to build up its service to meet all the banking needs of its customers. But the proposed merger with the National Savings Bank, to form a State bank, has run into opposition from the NSB, particularly from the Savings Bank staff.

New Lucas company is formed

LUCAS INDUSTRIES has formed a company, Lucas Aerospace Holdings, which will be responsible to the executive Board of Joseph Lucas for formulating the group's aerospace strategy.

Mr. Bernard Scott, executive chairman of Lucas Industries, becomes chairman of the new Board. Mr. J. H. Williams becomes deputy chairman, with responsibility for the work of the new company. He is succeeded as general manager of the subsidiary operating Board of Lucas Aerospace by Mr. J. Blyth.

The full membership of the new Board of Lucas Aerospace Holdings is: Mr. Bernard Scott, chairman; Mr. J. H. Williams, deputy chairman; Mr. R. G. C. Messervy, managing director of Lucas Industries; Mr. J. J. Righton, director of Lucas Industries and group technical director; Mr. J. W. Shield, director and treasurer of Lucas Industries; and Mr. J. Blyth, general manager, Lucas Aerospace.

Mr. Blyth relinquishes his responsibilities as director and general manager of Lucas Batteries on transfer to Lucas Aerospace.

Powell speech cancelled

BY OUR LOBBY STAFF

MR. ENOCH POWELL yesterday was at the centre of a row over the abrupt cancellation of a long-standing engagement for him to address Young Conservatives in the Kent constituency of Bexley Heath.

The gist of his speech, the text of which was released in London, was that unless the lessons of the last eight years of strife in Ulster were taken to heart, similar trouble might be in store for England.

The adress, however, was not delivered. Apparently, under pressure from the local party association, the Young Conservatives withdrew the invitation to Mr. Powell just a week ago on the grounds of "unforeseen circumstances."

The move met with the approval of the local Tory MP, Mr. Cyril Townsend.

The speech warns that anyone who had experienced the protracted troubles of Ulster would be concerned at the drift of events in England, especially the disturbances in South London, Birmingham and Notting Hill.

Pay sanctions attacked

BY OUR LOBBY STAFF

MR. FRANCIS PYM, Opposition spokesman on devolution and shadow leader of the Commons, yesterday described the sanctions now being applied to companies which breach the 10 per cent. unofficial pay guidelines as the "latest example of the Government riding roughshod" over the unwritten constitution.

Mr. Pym claimed in Aberdeen that in acting to punish these employers, Mr. Callaghan was ruling by decree.

"It is intolarable for a Government to discriminate at random on the basis of whether it happens to approve of what a citizen or group of citizens is doing."

Mr. Pym conceded that a pay policy could well be in the interests of Britain, and claimed that the Tories in Opposition had taken a thoroughly responsible attitude towards it.

But it could never be in the national interest to go against the unwritten constitution.

"It is one thing to penalise firms which are breaking the law. But there are no laws governing pay policy. It would be quite different if the 10 per cent. pay limit had been passed in an Act approved by Parliament, but it hasn't. It is simply a Government request."

Poor outlook for Beaujolais

BY ARTHUR SANDLES

A LARGE Galbe question mark hangs over one of Britain's favourite early-winter tipples—the Beaujolais Nouveau. Most pundits reckon that a summer of cold winds and heavy rain has removed any chance of good fresh wine from the Beaujolais being ready by November 14, the key day in a wine drinker's calendar.

The French are not particularly worried about the lateness of this year's vintage, only by the fact that it promises to be one of the worst on record in most areas. For many British, however, the first sip of Beaujolais Nouveau has become an important event.

Midnight on November 14 is the time that wine can be released for shipment according to French law. Recent practice is that shippers, restaurants and hotels then race to get the wine on to British tables by opening time on the 15th.

Now it seems that the vintage will be so delayed that the chances of good wine being available in any quantity by that date are slim.

First major victim of this setback is Rank Hotels, which organises the major annual wine rally, starting with dinner in Beaune and a prize for the driver who gets back to London with his new wine having covered the least distance in the process—a formula devised to defuse the danger of racing and thus a clash with the police.

Rank's French colleagues in the event, Robert Droubin, have said that the wine will not be ready by the 14th.

"We could probably have wine by early December, but by then it would be cold turkey," said Rank last night. "There will be Beaupolais Nouveau, of course, there is always someone who will find something. But the general standard will not be up to 1976."

The spectacular summer of last year brought one of the best vintages of recent years, and the last few months have proved a period of considerable disappointment to French wine growers. After the high alcohol content of last year's wines, thanks to hours of sunshine, this year's product looks thin in comparison at the moment.

FINANCIAL TIMES SURVEY

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TOYS

The U.K. toy industry is expanding in volume and is finding new outlets abroad. It is also serving a wider variety of customer since pre-school and adult toys have now become major markets.

The adults join in

By Stuart Alexander

TOYS AND GAMES these days are a serious business. From a proliferation of importers, wholesalers and makers who were more inventive than businesslike has emerged a rounded industry which can look forward to a new, more professional era.

At every level the large operators are beginning to dominate, be it manufacture or retail. At the same time the growth of manufacturing in the U.K. has led to new ways being found to even out demand through the year instead of being dependent on the pre-Christmas spree.

When wholesalers were dominant then the overseas manufacturers were left to sort out the problem of seasonality, but the role of the wholesaler has declined in the U.K. in recent years, with more home-based manufacturers selling more and more directly to major accounts and widening their product range to take in adults as well as children.

The new trade fair held for the first time at Birmingham's National Exhibition centre this year significantly included the word hobby in the title, and this reflects the attempts by the industry to expand their potential market.

In the past five years the big companies have improved product ranges, technology, financial control and marketing. They have also developed overseas marketing, licensing and exchanges. As an investment they have become respectable and earlier this year stockbrokers Grieveson Grant said, "We think the prospects for the toy industry very good." This was despite a fear that 1977 could see a slip in volume sales, although with prices up by about 20 per cent. turnover was expected to rise.

Yet the industry has shown consistent growth since the war and at the same time has produced a clutch of market leaders which have grafted genuine management expertise and entrepreneurial skill on to a business that still has a large measure of emotion in it.

In a recent excellent study of the industry, Mr. Richard Beecham, joint managing director of Dundee—Combex—Marx, one of the leading European toy groups, refutes the charge that the toy industry is volatile, insignificant and chasing narrow markets vulnerable to the whims of taste, competition and cyclical factors.

This is no longer true, he says, and points to the growth of DCM, Airfix, Lesney, Mettoy and John Waddington. Over 60 per cent. of total toy and game sales were shared by the nine main quoted companies last year and that concentration could increase further.

Sales at manufacturers' prices topped £230m., up 20 per cent. on the 1975 figure of £190m. and that was 16 per cent. up on 1974. Indeed, some estimates expect total retail values to reach £365m. this year with about £70m. of that going abroad.

But the two key factors highlighted by Mr. Beecham have been increased willingness to spend money on leisure and toys in a period of increased living standards and disposable income and the linear extension both backwards and forwards from the traditional age group served.

This means pre-school at one end and adult hobbies and leisure at the other. Pre-school has developed very quickly into a major market fuelled by parents' increasing desire to give their children some sort of education through play.

There has also been a conscious effort to pick up a young customer with model-making kits, outdoor games equipment and sports clothing. These can be sold all the year round and can be carried through to retirement age. Even painting by numbers can be attractive to housebound mothers.

The development of the hobby and leisure side has been made necessary as falling birth rates have co-incided with a young population which wishes to "grow up" as soon as possible. The girls' toy market has reduced in span as they have bought records and lipstick at an earlier age, and boys over 11 have often switched their attention either to outdoor pursuits or are laying the foundations of long term pastimes.

These need not spell doom for the bigger toy groups. Their expanded range of products evens out cash flow, and while there may have been a decline in the number of births there has not been a similar decline in the number of households. This can merely mean that spending per child increases as families can afford more leisure goods.

It has also encouraged the development of "system" toys. That is a basic toy to which many accessories can be added. This is another method of spreading their spending throughout the year, although the initial purchase may be made at Christmas.

DCM, for example, estimates that for every £20 Horoby train set sold, the customer is likely to spend a further £100 on accessories in the following 24 months. The company also owns Pedigree Dolls and manages to sell about 500,000 Sindy dolls every year, although only about 350,000 girls are born. And there are a lot of accessories available for those girls to buy.

A break-down of toy types still shows die-cast ones pre-eminent, with about 26 per cent. Plastics are a close second with 23.8 per cent. and, very significantly, modelling kits and materials come third with 15.3 per cent. (Source: Business Monitor.)

In contrast there has been a decline in traditional wheeled toys, dolls, soft and wooden toys, pointing out the emphasis on the practical, the outdoor, or the educational.

There has also been a move to establish a firm export base, and overseas sales now outstrip imports by about £25m. a year. The old Commonwealth markets have slowly declined in importance as manufacturers have turned to the EEC, which now takes 45 per cent. of exports, and the U.S., which takes 15 per cent.

However, there is, again, a much greater concentration of export business among the big companies than among the small. Lesney sells about 75 per cent. overseas, with Airfix and Mettoy at over 40 per cent. DCM, too, claims over 70 per cent. of turnover is generated by a combination of direct exports and overseas operations.

DCM bought Louis Marx of the U.S. in April, 1976, and Airfix is both developing Crayonne and Sbeina Industries in the U.S. while buying a distributor in Europe. In his last report chairman Ralph Ebrmann spoke warmly of the achievements of both Plasty-Spielzeug and Ava International and said: "We continue to consider exports a high priority in our marketing operations and trust we will achieve further expansion this year."

Nor are these exports confined to the western industrialised nations. As well as sales to the developing world, links have been established with the Eastern bloc countries and two-way trade is growing. DCM, for instance, through its Novo subsidiary, has set up licensing agreements and sales of moulds or dies, often in exchange for finished goods. The company expects this trade to increase significantly in the next few years, so we could soon be exchanging dolls for vodka.

The markets of South America, Africa and, inevitably, the Middle East, are also likely to grow in importance as affluence increases in these huge markets, producing demand for quality toys and leisure goods.

British toys have a reputation for quality and for innovation. The toy industry, more than most, is geared to providing something new at least every year, perhaps every month. Children are as adept at keeping up with the Joneses as their parents, and as soon as a new toy comes into the hand of one member of a group the rest will be turning on the tears, temper and tantrums and before the evening is out.

However, tooling costs can be high and this has been yet another factor in the toy industry's search for economy through long production runs. Admittedly some lines run for a very long time—Monopoly is still a firm favourite—but Airfix estimates that it can cost up to £100,000 to launch a new product in a major way.

The trade expects extensive comic paper and television advertising as well as a good discount for itself. Margins in the retail trade are fairly high—totalling between 50 and 60 per cent. mark up—but there are additional overriding discounts for the big buyers, which is why the chain stores and supermarkets have moved in.

Traditionally toy makers do not run with the hares of wholesaling as well as the hounds of direct selling. But when the chains bring their buying power to demand large discounts, the small retailer, as in some grocery lines, can often find himself buying at the same price at which the supermarket is selling.

So the manufacturer is squeezed by high costs and the small retailer is squeezed by being undercut. There will always be a place for specialist toy shops, but in future they are likely to be fairly sparse. There are many opportunities to buy toys in the U.K.

Nearly every newsagent sells a small number of toys, as do multiples, department stores, chain shops and supermarkets, but the trend is clear. Mail order, with about 20 per cent., and chains and multiples with a further 27 per cent. show the power of the big buyers. Independents still take about 28 per cent. and wholesalers are handling the remaining 25 per cent. Six years ago the independents accounted for 46 per cent., and a bit further back the wholesalers handled over 50 per cent. of the business. The new emphasis on chain-store and supermarket selling has also had a marked influence on packaging. There are rarely trained staff to advise and often a toy will be bought like a can of beans. So the manufacturers have adopted brightly coloured boxes, incorporating, where possible, a perspex panel so that the toy can be seen. And the pack gives a full description of the contents. Often, too, the larger manufacturer will provide display units which are arranged and stocked by their own sales staff, just like the cake and biscuit manufacturers.

But perhaps the most significant development has been the emergence of the big companies where sometimes toys form only a part. One such is Hestair which also owns Dennis Motors of fire-engine and dust-cart fame, plus a company making precision seedplanting agricultural machinery.

Hestair also owns a north London toy wholesale company and has more recently added Kiddicraft to the stable. All in all the toy division provides about 25 per cent. of the group turnover and contributes about 20 per cent. of profits. And Hestair is continuing to look favourably at the toy market.

If for no other reason, the company realises it must stay with the leading group and to do that will need a highly diverse product range. The seeds of improved management and financial control have been seen among the market leaders who will now wish to see the controlled reflation of the economy promised by Mr. Healey, which will bring with it the prospect of a period of consolidated growth.

Output and profits up

PROFITS WITHIN the U.K. toy industry stayed buoyant last year, helped by a rise of almost a fifth in output. Exceptional growth in earnings was achieved by some of the major companies, and at this early stage in the annual trading cycle—the Christmas quarter is crucial to the majority of manufacturers—it is generally expected that 1977 will provide the industry with yet another improvement in profits.

Not that the toy salesmen are having things entirely their own way. Having fallen strikingly in volume terms during the first six months of this year, retail sales remain seriously depressed (although there are signs that consumer spending on toys just might be proving a little more resilient than the average for the U.K.). At the same time competition from imports—especially the cheaper variety from the Far East—is still very strong.

This problem of competition from overseas can be judged by the way overseas products increased their share of the U.K. market last year. In 1976 home sales within the industry rose by 15 per cent. while exports from the U.K. moved ahead by some 23 per cent. But the most striking figure for sales growth came in the form of imports where sales increased from £42m. in 1975 to £61m. in 1976, a rise of no less than 45 per cent.

Manufacturing companies in this country have been hitting back, however. Last year exports from the U.K. acconnted for very nearly two-fifths of total manufacturing sales, end at the moment there is little reason to suppose that this sort of percentage ratio cannot be maintained in 1977. At the same time some of the major companies have been busy establishing themselves physically outside the U.K., notably Dunbee-Combex-Marx.

Last year — calendar 1976 — Dunbee-Combex-Marx lifted its pre-tax profits by 69 per cent. to £5.9m. One of the leaders in the industry, the group has expanded rapidly in recent years both through organic growth and acquisition—notably via the Louis Marx operation in the U.S. which it acquired as a loss maker and quickly turned out of the red. Its products cover a well balanced and wide range of trado names.

These include Hornby, Scalextric, Playpeople, Pedigree end Sindy dolls together with the Marx range of reproduction and military guns, Yo-Yo, Lone Ranger and Schuco. Of the five toy subsidiaries—the company also has some operations covering DIY, home improvements and toiletries—Combex in the U.K. cover wholesale the operations (chain stores, mail order, export) while Burbank, Louis Marx and Rovex supply retail outlets.

The most recent U.K. subsidiary, Novo Toys, sells through regional distributors, and in total Dunbee-Combex-Marx probably covers some 90 per cent. of all toy traders in this country. As well as Marx in the U.S. and Schuco in Germany, the group has companies operating in most of the EEC countries, South Africa and Australia.

In fact something like three-fifths of turnover of £86.5m. in 1976 arose outside the U.K., thanks largely to the acquisition of Louis Marx in the U.S. where prospects for a continuing recovery are seemingly good. The American company was purchased in April, 1976, for $15m. and already the new management has disposed of more than $5m. of assets no longer required.

Another major manufacturer with plenty of overseas potential is Lesney. At £10.2m. before tax, Lesney's profits for the year ended last January were a full 46 per cent. higher. And in June, speaking at the annual general meeting, the chairman told shareholders that in 1977-78 "most major markets were up to or ahead of budget, particularly the U.S."

Lesney's activities fall into two main areas, the manufacture of diecast toys — the famous Matchbox range—and industrial products: the company has its origins in commercial diecasting and as a result still produces a wide range of diecastings for industry at home and abroad. However, Lesney's toy expertise is what matters most to the profit and loss account and the company's range of products in this field includes plastic kits, fashion dolls and pre-school toys as well as the Matchbox range.

Lesney and Dunbee-Combex-Marx are of course only two of nine major publicly quoted companies in the toy trade: the other seven listed on the London Stock Exchange are Airfix, Berwick Timpo, Cowan de Groot, Mettoy, MY Dart, J. and L. Randall and J. W. Spear. The shares tend to be popular with investors having emerged from 1976 as top industrial sector with a capital gain in 12 months of more than 18 per cent. compared with a decline of some 8 per cent. by the Financial Times All-Share Index. So far in 1977, the toy sector has managed to outperform the All-Share index by almost a tenth.

In the year ended last March, Airfix managed to increase its pre-tax profits by roughly a sixth to £4.03m. The Airfix range of products divides into two main groups. First, an extensive range of plastic construction kits, closely allied to which are toys and games including pre-school toys, plus a range of hobby products mostly aimed at the arts and crafts market. The second major grouping includes Dinky toys, Meccano and the Triang Pedigree series of wheeled toys.

One of the best known brand names at Mettoy is Corgi, a range of diecast toys. In all, the company has five major ranges including Wembley playballs, Petite typewriters, Capri board games and Playcraft Busybodies. Exports are a major field of Mettoy's activities and its largest overseas markets are Europe and North America. In 1976 sales rose by a fifth to £23.8m. and of this figure just over two-fifths was made up of export turnover.

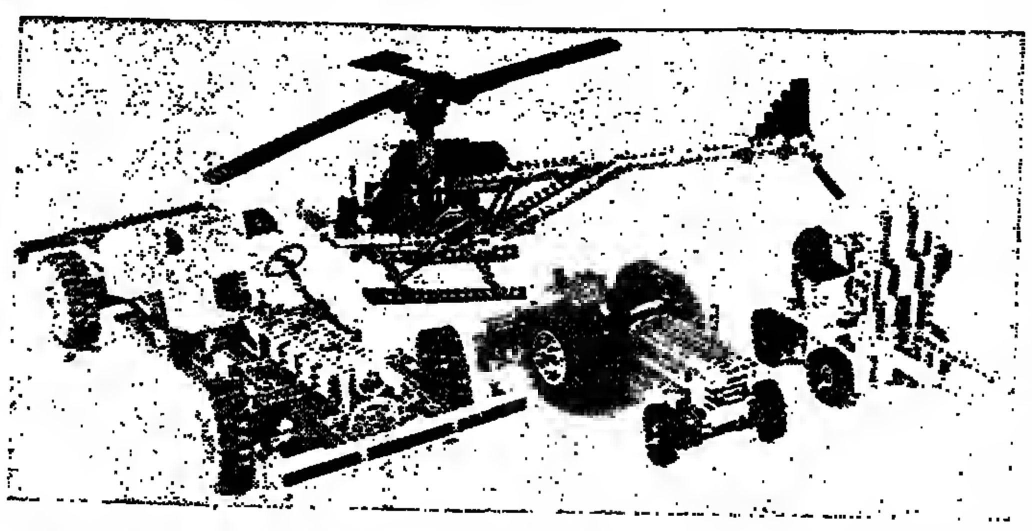
Smaller

Berwick's Timpo's position in the toy industry is interesting in that although smaller than the four major manufacturing companies (Lesney, DCM, Airfix and Mettoy) it is significantly larger than the other quoted organisations. Recently the company has been noticeably acquisitive, buying Aurora U.K. and Harbutt's Plasticine. Berwick presently divides itself into five constituent companies, Model Toys, Berwicks Toys, Peter Pan Playthings, Park Toys and the newly acquired Harbutt's Plasticine.

No analysis of profits is currently available at John Waddington but it is generally reckoned that the company's games and puzzles operations provide something like a third of overall profits. Waddington started out in the games business in the 1930s with Lexicon but to-day its best known product is Monopoly which, with sales topping 4m. sets per year, is probably the game most in demand in the U.K.

Like the smaller companies that make up the toy sector Waddington still makes a large proportion of its earnings from non-toy and game related interests. Cowan de Groot, best known perhaps for its John Bull printing sets, has wide non-toy industry interests and so does MY Dart. This company's toy operations tend to centre on sporting ranges like table tennis products and darts.

Jeffrey Brown



Lego shows no signs of diminishing in popularity. The photograph shows models built from the new Technical Sets, intended for children aged nine and over.

New pattern of exports

UNLIKE MANY other industries, British toy manufacturers have managed to survive, without too much apparent difficulty, a major upheaval in their export markets during the past 12 years. They could now be poised to build substantially on that achievement.

This change was a radical one, in that virtually captive Commonwealth markets which took products as fast as they could get them, were replaced by far more competitive European countries, often with quite different requirements.

Whether this success was a result of the traditionally high quality or ingenious nature of British toys, or by skilful marketing, is debatable, but the figures speak for themselves. For example, in 1965 the Commonwealth accounted for 27 per cent. of total U.K. toy exports and Common Market demand was about the same, while the U.S. accounted for 11 per cent. However, by last year the export pattern had changed substantially, with the EEC accounting for more than 45 per cent. of the total, and the U.S. and the Commonwealth taking around 15 per cent. each.

A recent study of the toy industry points out that in the late 1960s Lines Bros., then the leading U.K. manufacturer, made close to half its turnover overseas, of which a fifth was direct exports and the rest through manufacturing, mainly to Commonwealth countries.

The importance of exports was also stressed recently by Mr. Richard Beecham, past chairman of the British Toy Manufacturers' Association, who pointed out that as a percentage of sales they had increased from 26 per cent. in 1966 to 38 per cent. last year.

"The toy industry's record as an exporter is one from which some other industries could well learn a lesson. At least 75 per cent. of Lesney's sales derive from overseas and for Airfix and Mettoy the figure is more than 40 per cent. Around 70 per cent. of DCM's turnover is generated by exports from the U.K. and our overseas operations," Mr. Beecham said.

He believed that great opportunities now presented themselves, firstly on the advantage conferred by the decline in the value of sterling (although this has been less beneficial lately) and secondly, there was enormous potential offered in countries whose wealth was developing. "As affluence increases, so does sophistication and the demand for quality products. This is already especially evident in South America, Africa and the Middle East," he added.

Potential

It was felt that the industry should be striving even more vigorously to capitalise on its own inherent potential, particularly since British toys had an unrivalled reputation for quality among overseas visitors, which was confirmed by the number of foreign manufacturers who visit U.K. toy fairs.

In general, U.K. companies are attracted to export markets mainly because they provide opportunities for expanding sales in a way which cannot easily be achieved in the U.K. In the home market any expansion of sales, except in the case of an entirely new product creating a new market, must come at the expense of competitors.

As a result, there have been major developments in foreign countries recently. Lesney's substantial growth in exports is a good example; others are DCM's acquisitions of Louis Marx in the U.S. and the West German Shuco company. It should perhaps be emphasised here that exports alone account for only a proportion of overseas toy sales.

A major part of recent export expansion has come in the form of diecast toys. The two leading companies involved, Lesney and Mettoy, had successfully developed inexpensive ranges of diecast model cars, well constructed, of good quality and incorporating considerable detail. At that time they faced little foreign competition but with the advent of comparable and sometimes superior U.S. products in the early 1970s, the export proportion fell to just over 30 per cent. in 1973. However, the position recovered rapidly the following year, with a rise to 38 per cent.

It is suggested that one of the major reasons for the relatively good performance in 1974, 1975 and last year was due to the weakness of sterling, but it is probably not the only factor, as quality was also improved to meet the challenge.

But the export market has its problems and it is often a difficult one for the smaller manufacturer to enter. It is also very sensitive to price, which underlines the dangers of inflation and the high cost of importing raw materials.

This is underlined by figures which show that about 40 per cent. of U.K. production is exported by the major U.K. manufacturers, this total representing about 83 per cent. of the export total of the U.K. industry. It is also interesting to note that last year metal diecast toys accounted for 43 per cent. of total British exports, followed by plastic toys with 23 per cent. (compared with 18.2 per cent. in 1975) and modelling pastes and construction models with about 12 per cent. Most other categories such as wheeled toys, dolls, soft toys, wooden toys and rubber toys, accounted for between one and 2 per cent.

In the metal diecast category, Lesney is the most important U.K. manufacturer and in the group's 1975-6 financial year ending in February last year its exports totalled £24.7m. Although this figure will have included items other than diecast toys it is probable that the majority of the exports of the group are from the Matchbox diecast series. As diecast exports for the whole industry in the calendar year 1975 totalled £27.5m. much of this total must represent Lesney's own exports.

Other significant increases achieved in the past four years are in export of dolls, plastic toys (mechanical and non-mechanical) and wooden toys. Airfix's plastic model aircraft kits are also well represented in export figures.

Increases

In terms of individual countries as markets, 1976 figures showed that West Germany and the United States led at around 14 per cent., followed by France with nearly 9 per cent., Australia with 8 per cent. and a wide range of others below 5 per cent.

The major increases by value in 1976 were to the Netherlands with 53 per cent., France 51 per cent., the Republic of Ireland 50 per cent., and significantly to the United States with 49 per cent. Although exports to West Germany declined marginally, this followed an increase of 22 per cent. in 1975, more than double the overall rate of export growth that year.

Although the industry is looking forward to a satisfactory year of exports in 1977, much depends on the behaviour of sterling and the success of Government in its fight against inflation.

Lorne Barling

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Thriving U.S. market

THE AVERAGE U.K. parent bought 3.4 toys last year; his U.S. counterpart bought 15. That figure alone explains why so many British toy producers are casting covetous eyes across the Atlantic, and following the glance through with direct investment in the U.S., like Dunbee-Combex-Marx, or the creation of a thriving export business.

The U.S. is the world's largest toy market. Last year, sales were worth an estimated $5.1bn. (£2.9bn.) at retail prices, according to Toy Manufacturers Association of America surveys (and some observers put the total as much as 30 per cent. higher). And they have been growing fast. The 1976 figure was 6.3 per cent. up on the previous year's $4.79bn., and that in a period when the wholesale price index rose by only 0.8 per cent. Overall in the five years from 1971, when sales amounted to $3.7bn., there was a compounded annual growth rate of 6.5 per cent. against a 5.9 per cent. a year average increase in wholesale prices.

This growth is being achieved despite stringent restrictions on the marketing of toys. Safety criteria are very high — and manufacturers' liability for accidents very wide ranging—in stark contrast to most of Europe (though the U.K. and West Germany also have tough safety regulations). And there is a tough code of advertising practice, especially as regards television commercials aimed at children, which looks likely to become even tighter. Thus toy commercials must not use cartoon, must contain no fantasy, and must not encourage what is described as the cult of collecting or materialism. Prices cannot be given, and descriptions must be very exact.

At the same time, however, safety has become a marketable concept in a way which has not yet taken hold on this side of the Atlantic. Thus, one of the biggest sellers is the Big Wheel, a racy looking tricycle made of plastic, which will have notched up its 10 millionth sale this year. The Big Wheel, made by Marx Toys has a low centre of gravity, making it virtually impossible to tip over. Unlike the conventional metal tricycle seen in Britain, it has no chain and no spokes, and it cannot rust. Its advance in terms of providing a safe ride is obvious—and yet attempts to market it this side of the Atlantic have flopped (though another, more concentrated sales effort is likely soon) even though Americans have bought enough of the machines to cover the 5,844 miles from Los Angeles to London.

The market is not just expanding but is becoming increasingly concentrated in the hands of a few companies, both on the manufacturing and retailing sides. Retail margins tend to be lower than in the U.K.

At the other end of the process, the U.S. has some 950 companies manufacturing toys. But some 40 per cent. of the market is accounted for by 11 companies, and the top three are responsible for 22 per cent. of all sales between them.

Apparent

The concentration is even more apparent in the major sectors of the market where the biggest sales growth has been seen. Thus doll sales, for example, saw a 16 per cent. a year growth rate between 1972 and 1976 against an overall industry advance of 9 per cent. And 66 per cent. of doll sales, worth $230m. last year, were accounted for by those top 11 companies (and a very large part of them by just one, Mattel). Likewise, those 11 accounted for 69 per cent. of board games and puzzles sold, for 90 per cent. of the market for model cars, planes and similar transport models, and for 65 per cent. of the pre-school and infant market.

This concentration has not materialised without problems even among the big companies, quite apart from their smaller competitors. Dominating the scene is General Mills, the giant conglomerate which is the world's biggest toy manufacturer (it is best known in the U.K. for its Denys Fisher and Palitoy ranges). Its past few years have been relatively trouble free, with profits in its toy division rising steadily for six years in succession.

With around 8 per cent. of the U.S. market, its craft, games and toys division contributed $347.6m. of 1975-76's total group sales of $2.6bn., and it is especially strong in male action dolls (such as the Bionic Man models), train sets (it owns the world-famous Lionel name) and board games and puzzles.

But if General Mills can look back on the past few years with satisfaction, its two nearest rivals in size terms, Mattel and Quaker Oats, cannot. Mattel, with sales of $386.3m. in 1976-1977, is one of the largest purely toy and leisure companies in the world. It has only fractionally less of the U.S. market than General Mills, and is particularly strong in fashion dolls (the Barbie doll range in particular) and model cars—an area where its invasion of the U.K. a few years back posed a major threat to the British toy industry.

Yet five years ago, there were serious question-marks over Mattel's survival. The company had expanded fast, branching out into such things as electronic tape production and the manufacture of playground equipment. And then it faced a string of disasters, with one toy plant destroyed by a fire and a strike which kept its entire Hong Kong and Taiwan made toy lines languishing in the harbours till after the crucial Christmas season.

On top of this was the general economic recession, which hit the U.S. industry hard, producing the 1975 fall in the overall market. For Mattel, that was the last straw. Its profitability slumped, with a combined loss in 1974 and 1975 of $25.3m. And there were allegations, made by the Securities and Exchange Commission early in 1974, that financial reports from the company had been falsified.

The resulting storm not only came close to blowing Mattel off the map but seriously affected much of the rest of the industry as the question-mark over the credibility of its highest flyer became extended to its rivals.

Healthy

To-day, much slimmed down and without its conglomerate ambitions, Mattel appears healthy again, reporting a net pre-tax profit of $23.5m. in 1976-1977. The lawsuits which resulted from the falsification charges have just been settled, and credibility has been restored.

Much the same appears true of Quaker Oats, third biggest force on the U.S. toy scene, which ran into trouble around the same time as Mattel. Quakers' problem was its Marx Toys subsidiary, bought from its founder, Mr. Louis Marx (who retired, and still retains, a 10 per cent. stake). in 1972 for $51m. (including $14m. for working capital). The company, by then quite distinct from the U.K. Louis Marx concern, was acquired as a stablemate for Quaker's extremely successful Fisher-Price subsidiary. But, almost immediately, the deal went sour.

From a $7.4m. pre-tax profit in 1972, Marx was notching up a loss of $4.2m. in 1974 and one of $17.6m. in 1975. Excessive internal bureaucracy, a lack of new blood in the company—many things have been blamed for Quaker's failure with Marx, quite apart from the general recession in the industry. Whatever the cause, Quaker decided to get out. In April, 1976, the Louis Marx business (apart from its Mexican operations) was sold for just $15m. plus $3m. for working capital.

The result has been a vast improvement in Quaker's position. In its 1975-76 report, published after the Marx sale, the company was able to report: "Our toy business, a problem a year ago, is now in good shape. First, Fisher-Price . . . had a good year with fine increases in sales and earnings . . . Second, we eliminated a costly problem business—Marx Toys." Now Quaker has some 4 per cent. of the U.S. market, notching up sales of $184.7m. and an operating profit of $27.5m. in the nine months to March 31 this year.

Turnround

Meanwhile the business it sold has also seen a big turnround. The purchaser was Dunbee-Combex-Marx of the U.K., which had already bought Mr. Louis Marx's U.K. operations. And it, no stranger to turning lossmakers into profitable businesses, managed to bring the U.S. Marx company to just beyond the break even point in 1976, even though for the first quarter of the year the company was under Quaker ownership and running at a heavy loss. Now a $4.3m. profit on sales of $70m. is expected this year.

In addition, the sale of redundant resources—both buildings and machinery—is expected to raise $15m., in effect financing the purchase from Quaker and giving DCM the actual business for free. And that is being carried out at the same time as output is expanding.

Just ahead of Quaker in the U.S. manufacturers' league table (and of Dunbee-Combex-Marx in the world league table, though possibly not for long) is Milton-Bradley, with a 5 per cent. market share and a major stake in the board games and puzzles and construction kits sectors. With sales of $192bn. in 1976, Milton Bradley is largely based on the domestic market, though it has been selling—and seeing fast growth—in Europe for the past four years and expects to generate a great deal more of its future growth abroad.

David Walker

Fair trading

JANUARY IS THE month when toy manufacturers unveil their new lines on to what is often a suspicious toy trade. Rumours are rife in this close-knit industry, and only the most painstaking cloak-and-dagger act is likely to avoid leakage somewhere.

There are two key British shows: the Harrogate International Toy Fair, and the British Toy and Hobby Fair, formerly the British International Toy Fair, both held in January. The former is aimed at the wholesaler and importer, while the latter (through its organisers, the British Toy Manufacturers' Association) is retail-orientated.

Previously, the BTMA Fair was held at various hotels in Brighton all of them connected by way of courtesy coaches. One all too familiar problem with this peculiarly British method of running a show was to find your way round the nooks and crannies of the venue itself, let alone locate the exhibitor you came to see.

I can recall parties of keen-eyed Japanese buyers obviously lost, with no multi-lingual signs to direct them and, in sheer desparation, a luke-warm cup of coffee with a plastic spoon their only comfort.

Not that they are especially welcomed by exhibitors. It has not been unheard of for salesmen on the stands, upon spying a party of Japanese fast approaching their display, quickly to dismantle all the newest items lest these same inscrutable businessmen walk off with the samples, copy them and sell them for a mere two-thirds of the intended British price—all in half the time it takes to make the original article.

Last year the British Toy and Hobby Fair moved from Brighton to Birmingham at the National Exhibition Centre. The move met with mixed feelings. Some were glad to have everything housed under one roof, others likened the place to a collection of aircraft hangars with about as much atmosphere. They also bemoaned the absence of the quaint eating houses that saturate Brighton—places to retreat to after taking orders on the stands or, alternatively, to clinch deals with the aid of a bottle of bock. Still more complained (and continue to do so) about the astronomic prices charged at the Birmingham hotels—not that anything came cheap at Brighton. The latest murmurings suggest that the whole fair may again move, only this time to London (Olympia?) in 1979. But this is only hearsay.

With regard to the international toy fairs: the Nuremburg (Germany) show is highly impressive and is run with typical efficiency. After all Nuremburg is considered by many to be the birthplace of the toy industry. The fair takes place in February and is generally a must for the serious British toy man. There are two things that disappoint me whenever I have attended this event. The first is the low standard of the British contingent's booths, which are in marked contrast to the imaginatively planned and professionally executed stands belonging to almost every other nation. The second is the lack of suitable accommodation, necessitating in many cases, having to lodge with a German family who speak little or no English.

Disagreements

France has its own toy fair, too, at Paris. As it happened, because of a personal disagreement between the organisers of this exhibition and Nuremburg fair, the two very nearly clashed this year. The matter was resolved at the last minute, although, of the two, Nuremburg wins in importance.

While all this is going on, in February, the Americans have their New York Toy Fair (February 19-22, 1978). This effectively enables any visitor to pinpoint the forthcoming toy trends before they actually happen. The U.S. toy trade is considered to be three to four years ahead of that in the U.K.; but the gap is narrowing all the time. Indeed, British manufacturers (notably Invicta Plastics with its Master Mind game) have successfully penetrated the American market so much so that they managed to install themselves in coveted hard-to-come-by showrooms at the Toy Centre of the World, Fifth Avenue.

Many countries have their own national toy fairs, but two that stand out above the rest are October's Hong Kong Toy and Gift Fair preceded by the Tokyo International Toy Fair. Hong Kong is the largest exporter of toys in the world, and as a result many who attend the fair already have their own established contacts at factories on the island. However, the fair affords a unique opportunity for newcomers to the trade to see what is available for the coming year from the Far East. Incidentally, special tours to several of these overseas fairs are in operation, offering tremendous savings. Toy Trader magazine for one has a trip to Hong Kong costing just £415 for 13 days flying by scheduled Jumbo jet and staying in first-class accommodation.

Greville Bogar

Retailers having a tough time

HEARING THAT the Financial Times was about to write a survey on the toy industry, the bead of one small chain of specialist toy sbops wrote to the paper no less than three times pointing out that the independent toy cetailer was not about to disappear from the market. He was sick and tired, he said, of being told tbat the specialist toy shop was a kind of dinosaur io the high street which had no chance of surviving into the next decade.

He had a poiot. The problema of the specialist toy trader have become ooe of the classic case studies of the difficulties facing independent shopkeepers at a time when all the economies of marketing seem to favour the big groups. But if their problems have attracted atteotion, it bas not been without good reason. In many ways, the independeot toy trader bas had more than his share of the problems facing other independent retailers over the last 10 years.

With his high margins, slow stock turn and highly seasonal business, he was a very tempting competitior for those multiple groups, like Tesco, to take on when they were looking for new areas of expansion.

The specialist toy shop, has of course, long bad to compete with groups like W. H. Smith and Woolworths. But in the last ten years the challenge has become tougher. Nut ooly have their traditional competitors, like Boots and Smiths, beeo building bigger stores in wbich they can devote more space at certain times of the year to toys, but newcomers have come into tbe market in the sbape of the supermarket groups.

These groups have approached toy retailing in a very different way from the traditional toy shop. For a start, they made oo attempt to match the range offered by the specialist. Instead they offeced a limited range of toys at cut prices, varying the space devoted to toys from one season to another.

The attraction of toys for these groups was in the profit margins which traditionally averaged around 50 per cent. gross in the specialist toy shops. Though the supermarket chains were prepared to take lower margins than 50 per cent., the margins they achieved on toys were far higher than oo food. The result was to intensify price competition to a degree which many small shops could not bope to meet. After all, the specialist bad to continue carrying a full range of toys throughout the year and was not in the happy position of being able to switch the space after Christmas to some lucrative summer item like tennis rackets.

Suffered

Not surprisingly, in the circumstances, tbe independent toy retailers lost sales to the big groups. And as the iodependent shop suffered, so too did his wholesaler. Tbe degree to wbich tbey lost out varied from one sector of merchandise to another. Obviously, there were some product categories in which the supermarkets made very slight in-roads, but in many high volume markets, sucb as pocket money items and heavily advertised branded toys, the drift away was considerable. One manufacturer of games, for example, says that whereas seven years ago, 41 per cent. of his sales were to speciallst traders, to-day only 28 per cent. goes through these ontlets. By comparison, the share of his sales accounted for by variety chains, like Boots, had grown from 19 per cent. ln 1970 to 25 per cent. in 1976, while the supermarkets' shace had risen from 3 per cent. to 10 per cent. over the six-year period. Interestingly, the share taken by tobacconists too declined while the department stores' slice bad shown no change.

But, in the view of some, the worst may be over for the specialist toy retailer. Though some of the variety chains, like Marks and Speocer are yet to launch a major attack on the toy market, some people in the trade helieve that most of the supermarkets have oow gone as far as they are likely to go in devoting space to toys. This may be true to a degree in that it is unlikely that any supermarket group would want to start selling anything hut the fastest selling toy lines, but ooe only has to walk round to any of the new superstore developments to see how seriously these supermarket groups take toys at the peak times of the year.

Perhaps the more credible reasons for believing that the tcend away from the specialist trader may be halted is in the actions of those traders themselves. Some of the weaker ones have already gone out of business hut some of those left bave, over the last ten years, formed voluntary buying groups. These have been set up hoth by wholesalers—as in the case of the Consortium—and retailers—as in the case of groups like Viking. These groups have not the relative strength of similar organisations in the grocery trade hut they do enable members to get some of the buying and promotional advantages enjoyed by the big groups. Moreover, there are signs that tbis co-operation may increase. Recently, a larger amalgamation has been created by the association of 150 retailers in Unigroup.

Not all specialist toy shops are small one-off operations. Apart from Hamleys, which oow acts as a magnet for children the world over in London's tourist-filled Regent Street, there are a number of successful chains, like Zodiac, owned hy companies with interests outside the toy market. Like some of the successful local operations, these chains promote their goods heavily and, hy improving their stock control, try to minimise some of the problems traditionally associated with toy retailing. They also buy centrally and, in most cases, try to tap the market for adult toys. Others, like Galt, have developed hy concentrating on one particular sector of the market.

In one sense, the very fact that a toy sbop is a specialist is both an asset and a disadvantage. As a specialist, he can offer a range far greater than any of his competitors. Aod, he offers it the year round. But that range can be costly to finance in the lean period of the year. Moreover, hy carrying a really big variety of toys, he may be prevented from carrying any one line in the kiod of depth which may be necessary when one particular item takes off at Christmas.

The degree to which the independent shops specialise in toys varies considerably as was shown by a recent study of the independent toy retailer carried out by Manchester Business School and sponsored by British Lego. This survey showed that 43 per cent. of toy sales were made through shops relying on toys for over 80 per cent. of their sales, 35 per cent. from those relying on toys for between 50 and 80 per cent. and only 23 per cent. from those outlets which had less than half their trade in toys.

The same sample showed that despite changing distribution costs and systems, 70 per cent. of toys were still delivered direct to independent shops. The traditional wholesaler supplied a further 27 per cent. while cash and carry wholesalers accounted for ooly 3 per cent. of the trade. More worrying for the traditional wholesaler was the survey's finding that their strength was mainly among older shopkeepers—the kind of person who, if he was forced to close his shop, would either retire or seek alternative employment rather than go into toy retailing all over again.

Seasonal

The survey confirmed the highly seasonal nature of the trade. The shops monitored did 28 per cent. of their annual toy business in December though, as might be expected, the seasonal imbalance was slightly less for specialist toy retailers. Discounting was found to be strongest in those retail groups which owned more than one shop, but overall discounting was limited to between 10 and 15 per cent. of the toys sold.

The retailers interviewed were asked to list the three problems which they considered to be most worrying to them. Not surprisingly they shared other independent retailers' concerns about the rapidly rising cost of overheads but of equal worry to the independent toy retailer was the invasion of toy retailing by other trades. No solutions were offered to either problem but the manufacturers tended to get part of the blame for the way the toy trade had been opened up to outsiders.

In general, however, the toy retailers interviewed took a fairly positive view of the trade. Almost half of them said they would open a toy shop again if their present premises were the result of a compulsory purchase order. But, as Mr. David Brown, managing director of British Lego, said in the foreword to the Manchester Business School study, the "problems facing the toy retailer who is attempting to specialise in a highly seasonal market, are indeed immense." It would be unrealistic, he stressed, to expect competition to do anything but intensify. Even so, Mr. Brown concluded that provided the independent retailer adopted an aggressive marketing policy, he could, and would prosper.

Elinor Goodman

This year's British Monopoly Championship was held in a nuclear power station—a typical Waddington's publicity stunt.

The new Twin Play Buggy made by Andrews Maclaren

Promotion efforts

BOTH SMALL and large British toy companies enjoy a reputatioo for heavily promoting their products through the media.

Although TV is almost certainly the first choice for many, hillboards, children's comics, the women's weeklies, the cinema circuits and more receotly commercial radio all figure prominently too.

According to F. H. Rains of Haddons WPT, an advertising agency wtth considerable experience in the advertising and marketing of toys and games, £4½m. of the £5m. spent on toy advertising in 1976 went to the TV contractors. This represented an increase of over 43 per ceot. oo 1975, placing toys and games as a product group a surprising 19th among the higgest speoders on the hox, compared with a 24th placing in 1975.

Strength

"Regionality is, of course, TV's strength. Although 97 per cent. of homes in the country are reached by ITV, TV is very much a regional medium, and unlike the national Press, smaller advertisers are therefore in a position to use it in line wtth their distribution patterns. In this respect it is interesting to oote that the overall pattern of toy sales is fairly uniform regionally, with slightly more purchasers io the North West, the Home Counties and Yorkshire."

While on the subject of TV, it should be mentioned that the Independent Broadcastiog Authority (IBA) keeps a close watch on TV commercials for toys and games, and has recently stipulated that suggested retail prices should he shown for each product so that the parents watching can decide whether or not they can afford the thing before telling their children that they will buy it.

This move by the IBA has tended to irritate retailers who, quite rightly, point out that, since retail price maiotenance no looger exists, showing a price with the commercial binders all the more their ability to compete with the multiples. Io other words, if a game is stated to sell for "arouod £5.49," then aoy trader who sells it for ahove that figure is quite likely to come in for criticism from a customer who bas seen the commercial and is simply not interested in overbeads, rates or any other ceason for what appears to be bumpiog up the price.

Advertising ageocies say that generally it is virtually impossihte in August (when the commercials are made ready for their clieots) to pcedict how a campaign will run. There are two reasons for this. First, when the ioitial hudget is set (fairly early in the year) there is little or oo guarantee that tbe TV stations will hold down their rates for buying time. Second, competitors are obviously loth to giviog too much away to one aoother. Competition to show commercials is fierce. And uoless the highest premium is actually paid, oo assurances as to screening times are likely to he given.

G.B.

Safety: room for improvement

CHILDHOOD IS one of the most dangerous periods of life. Not only are thece the dangers of the adult world to contend with, but many activities and facilities specifically designed for children actually have the effect of increasing the hazards which confront them.

Take the typical children's playground, with its swings set over squares of cement and its slide with nothing to stop youngsters falling from its summit. The accidents that occur bere are notorious, yet the typically short-sighted local authority does nothing to redure the risks and, yet more foolishly goes on using the same ill-considered designs wben providing additional play facitities.

In the home, toys, too, are often sources of hidden danger. Their paint can prove poisonous; dolls' eyes can prove insecurely attached and all too easy to swallow or, worse, may be fastened by sharp pins wbich pull out and fasten themselves in the child's eye.

There must be limits on the amount of danger wbich can be legislated away—It is impossible to conceive of a series of laws so comprehensive that every conceivable risk is eliminated.

Britain is in the forefront of the general movement toward making toys safer. The level of protection may not be as high as that in the U.S. There, the success of the Ralph Nader inspired consumer movement bas placed manufacturers under the threat of legal penalties, especially in the civil courts, of a size guaranteed to put safety in the forefront of their thinking all the time. But it is considerably greater tban in the rest of Europe (except, perhaps, for West Germany) where, as in Italy, for example, controls may be minimal.

This concern shows itself in, for example, the surprising fact that Britain and the U.S. are the only countries in the world to collect accident statistics on a product-related basis, thus providing a guide to the safety or otherwise of toys of different types.

Recent figures for the U.S. show that in 1974, according to the country's Consumer Product Safety Commission, there were 36 deaths involving toys.

In Britain, an analysis of six English and Welsb towns in 1973-74 showed that 238 of the 13,855 home accidents reported during the 12 months involved toys. Of those, 77 per cent. happened to children younger than 15, with 44 per cent. of those occurring to toddlers below the age of four.

Culprits

Swings, balls, toy cars and trucks and toy guns and pellets were the main culprits, with marbles, glass eyes or beads, fisb hooks, dummies and pea shooters being among the other causes of injury.

The list itself clearly shows the impossibility of ending all accidents: there is no way an accident-proof ball can be designed, and outlawing pea-shooters would have no effect on those children, probably the majority, who make their own rather than using the shop-bought variety.

What the law in Britain, considerably strengthened in October, 1974, and again six months later, does do is place stringent limits on, for example, the level of potentially poisonous materials — arsenic, cadmium, lead and mercury— that can be used in paints for toys. Pile fabrics used as coverings on teddy bears and other soft toys must not be inflammable; electric toys must not use a current of more tban 24 volts; plastic bags must carry a printed warning about the dangers of suffocation. Sharp points and edges are banned: things like dolls' eyes must either be incapable of heing gripped by a child's finger or must be able to withstand a force of 20.2 pounds, making their removal and possible subsequent swallowing virtually impossible; wires, spikes and rods used in climing mechanisms must be within a protective casing.

Backing up these and other legislated safety rules is the even more stringent code of practice imposed by the major toy manufacturers themselves through their own trade association. And the standards are about to be tightened still further by the Consumer Safety Bill planned by the Government for the next session of Parliament. This, assuming it is passed, will give the Government the power to ban whole categories of potentially dangerous products and will also impose a new general duty on suppliers to ensure that, as far as is reasonably practicable, their goods are safe.

For the main U.K. toy companies, the planned Bill is unlikely to pose any problems. But importers, in particular, could find its provisions especially onerous. For, with stringent safety standards for toys so lacking in other countries (except, of course, the U.S. and West Germany, in particular), though the situation is gradually improving, the culprits in terms of danger often turn out to be imported.

This is where a second forthcoming move on the safety front should help. The European Commission is presently working on a general draft directive laying down requirements, to apply throughout the Common Market, for toy packaging, their labelling and directions for use, physical and mechanical hazards and flammability. This would be supplemented by more detailed directives covering such things as poisonous and electrical hazards, with the technical aspects based on the international safety standard for toys developed by the European Standardisation Committee.

The Commission's aim is not just improved safety: it has been concerned about safety regulations acting as non-tariff barriers to trade between member states.

This, the Commission hopes, will end with the introduction of common standards. And, it has emphasised, it will be aiming to make these standards those of the most advanced countries rather than a lowest common denominator. At the same time, however, it warns somewhat ominously that, if the new standards are adopted by the Council of Ministers, a country would not be able to impose more stringent regulations than the Community ones since that would mean imports being restricted by quality requirements.

This is all well and good if the Commission's standards really do turn out to be the highest possible, even if the assumption that imports should not be restricted by quality requirements is rather frightening. One can but wait and see.

Meanwhile, the important thing is the rigid enforcement of the regulations we have now. According to the Department of Prices and Consumer Protection, they are "working very satisfactority," with occasional problems arising with imported toys. Mr. James Tye of the British Safety Council, however, sees things somewhat differently.

"With toys, safety is still a problem, though it is improving year by year," be says. "Hong Kong, Red China and others are sending dangerous stuff in for sale on street markets. The importers ought to know better. Year by year we lobby the manufacturers and importers: they go through charades of one sort or another, but it doesn't percolate down to the people who do the buying."

Mr. Tye has harsh words for local authorites, too: they are reluctant to take retailers to court, he claims, while trading standards officers (formerly weights and measures inspectors) are not active enough in clamping down on dangerous products.

For parents and fond relatives, the answer seems to be to buy only well-known branded products from the big manufacturers in this country, the U.S. and West Germany or, with unbranded items, to buy only from the most reputable of the major stores. Imports from outside the U.S. and West Germany generally are safe, provided the importer is itself a reputable business and especially if it is using an overseas factory as an alternative source to supplement its U.K.-made products.

David Walker

Jim Henson, creator of the Muppets is choosy about who he will allow to produce Muppet toys. The soft Kermits shown here are made by Fisher-Price.

Superman, Starsky, Batman, Bond (etc.)

THE TOY Industry's reliance on character merchandise bas increased dramatically in recent years. The external influences have largely centred on the growth of mass media communication, television especially, wbile within the trade itself the main impetus has stemmed from the relatively healthy condition of most of the major operating companies.

In essence, the mechanics of character merchandising are relatively simple. Manufacturing companies negotiate (where possible) an exclusive contract to mould their production around a mass media character, preferably one that is well known and long lasting. Licences are acquired for a down payment—"up front money"—and thereafter royalties are paid over according to sales levels. The norm here is around 5 per cent. of the toy makers lowest trade prices.

Understandably the business can be as risky as it is often lucrative. Competition for licences can be keen, and in order to ensure a place at the head of the queue a toy maker may need to commit himself to the dotted line before the potential of the underlying licence can be properly assessed.

Further problems can arise where there is a time lag between acquisition of a character merchandise licence and full production of the toy concerned. Time lags vary but can extend for as much as 12 months. The danger is that in the intervening period a "character" will either wane in popularity or in the worst cases never in fact become popular.

The character merchandise divisions of the major toy and games manufacturing companies are littered with whole catalogues of fallen idols: who these days remembers the once famous Esso (in the tank) tiger? Pop star merchandise is notoriously speculative with "performers," both individuals and groups, coming and going with monotonous regularity.

At the same time not all character merchandise has the truly international appeal of say the Walt Disney creation, Micky Mouse. Many of the leading toy makers in this country—Dunbee-Combex-Marx, Lesney, Mettoy Airfix—have considerable market shares outside this country. Mettoy has little trouble in selling Batman, James Bond or Starsky and Hutch motor car toys in the U.K. and North America, but difficulties can arise in places like the Far East.

Expanded

Its Burbank range of soft toys is an important character merchandising area for Dunbee-Combex-Marx, which recently expanded its overseas operations through the acquisition of Louis Marx (U.S.A.) for some $15m. It is generally reckoned that something like 60 per cent. of the company's sales now arise outside this country—and within this percentage the links with character merchandise are extensive.

The company's growth in this field has clearly been exceptional in recent years and from the 25 per cent. level presently prevailing it expects the proportion of sales associated with character merchandise to move up eventually to a maximum of around 30 per cent. This it feels is an optimum level and one that can be comfortably maintained with the risks and rewards associated with character merchandise evenly balanced.

Another company making efforts to expand its markets in this field is Wiggins Teape (Toys and Crafts), which at the start of 1977 signed up the exclusive use of American strip cartoon character Snoopy. The company is very much a marketing operation and at present character merchandise of one sort or another accounts for between 15 per cent. and 20 per cent. of total turnover.

It is pursuing this line of approach actively: and so is Dunbee-Combex-Marx which hopes to have two further well known "names" on its books in time for the Harrogate and Birmingham toy fairs next January.

Characterisations come and go along with changing times and fashions but the toy industry has a surprisingly high number of what it describes as perennials. The Walt Disney imagination has supplied a great many of them but a number of home-grown characters are also extremely popular.

According to some snap calculations undertaken for this survey by Dunbee-Combex-Marx the Walt Disney characters are far and away the most popular—or at least the most heavily promoted within the toy trade. If the Walt Disney popularity ratings stand at, say, 100 then the next most important group of characters would be the Tom and Jerry series which, say the marketing men at Dunbee-Combex-Marx, would hold a rating of 50.

Round at Walt Disney Productions, the company that handles the Disney empire's character licences in this country, the management are fairly emphatic about what they can to-day offer their customers.

"Walt Disney Productions prides itself on being able to give licences a *continuing programme* of merchandise. Every three years the organisation produces a new full length animated cartoon film." The company has a production called the Rescuers earmarked for the coming Christmas season which will introduce two completely new mouse characters as well as an albatros called Orvill.

Jeffrey Brow

TOYS VI

On this page Greville Bogard, Editor of Toy Trader magazine (the journal of the National Association of Toy Retailers), looks at some of the main market sectors for toys.

Crafts & hobbies

ALTHOUGH FREQUENTLY linked, the craft and hobby sectors of the toy industry need to be examined separately.

With crafts, the demand is for do-it-yourself items which, through woodburning, modelling, staining, threading, etc., will enable the enthusiast to create his or her own individual "works of art" which could adorn the mantlepiece or even offer some practical use.

Examples here are products like the Mosaikit where, as a substitute for pieces of glass and cement, the maker provides self-adhesive coloured vinyl pieces already pre-cut, plus instructions on where to lay them in order to build up a picture. There are, of course, far more intricate items, though these are usually offered by some of the older-established names, such as Reeves, George Rowney or Windsor and Newton.

An interesting development of late, however, is the diversification into crafts of companies hitherto known for something else entirely. One such firm is dye manufacturer Dylon International, which exports 85 per cent. of its production. Now Dylon has launched its new Color-Fun Junior Kits, which permit the proud owner to iron on a design of his choice on to almost any fabric (T-shirt, etc.) and then proceed to colour it with non-toxic washproof paints supplied.

Yet another comparative newcomer is Letraset, the instant lettering company which supplies commercial art studios. The company is heavily committed to the toy/craft trade with its large range of rub-down transfers featuring a variety of popular children's characters.

Even more "striking" is the emergence of Bryant and May, the match manufacturer. The first big national advertising campaign for its product Woodcraft (a series of building kits in OO scale) breaks this month.

Turning now to hobbies: they really embrace slot-racing, polystyrene and metal kits, model railways and also precision electronics kits.

By the summer of 1976, virtually all the key manufacturers had a finger in the model railway pie as demand for this product dictated. Consequently, they frequently urged retailers to stick to their one particular brand rather than carry small, insignificant selections from them all.

"Specialist retailers will do well to concentrate on comprehensive railways systems offering a full range of accessories—for only in this way will they maximise their potential for future sales," Karl Muetter, managing director of Hornby Hobbies said last year.

And it was this very point about accessories that was stressed time and time again in answer to criticisms by small toy shops that too many stores were getting in on the act. The multiples may sell the train sets in the first place, agreed the manufacturers/importers, but, they argued, it was only the specialist retailer who was in a position to service and expand on the original purchase.

Customers soon had to decide what gauge, what livery as well as what brand to buy. And the brands went on and on: Airfix, Fleischmann, Hornby, Jouef, Mainline, Marklin, Peco and Rivarossi—to name most of them.

With regard to electronic kits, though usually very technical they do result in something tangible—be it a germanium radio, morse code set, oscillator or amplifier.

ABOVE:
Palitoy's new Telstar TV game allows the player to choose between tennis, football, handball or squash.
LEFT:
The latest fashion doll from Airfix is based on Farrah Fawcett-Majors (late of TV's Charlie's Angels). It costs £5.49.
BELOW:
A ship in the bottle kit made by Milton Bradley.
BOTTOM:
A game of Master Mind (Invicta Plastics) whiles away the time for would-be travellers during a recent dispute at Heathrow.

Dolls

ALTHOUGH THE demand for traditional walking-talking/rag dolls continues, especially for the very young, the real growth area in this category in recent years has been through the increasing sophistication of the products, evolving into 12 inch poseable figures which appeal to teenagers too.

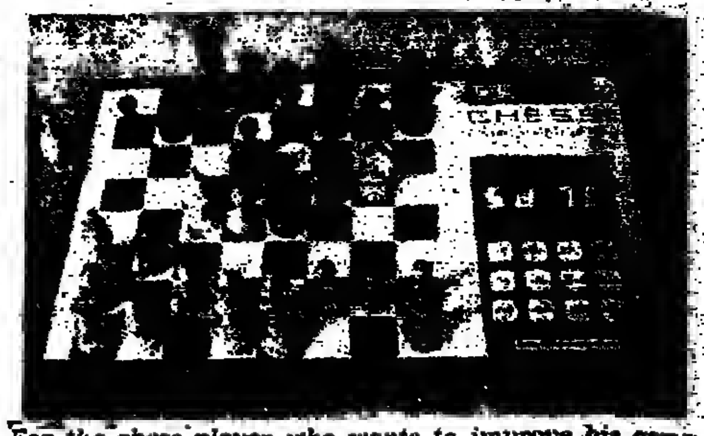
It is now more than ten years since Palitoy's Action Man made its debut—a turning point if ever there was one. For not only was it heralded as a breakthrough in design, but Action Man also made it acceptable for boys as well as girls to play with "dolls." Indeed, such is the popularity of Action Man that in September Transworld Publishers launched four Corgi Carousel paperbacks based on the character.

Most of the large British manufacturers offer 12-inch poseable action-figures, many of which are made under licence. In fact, increasingly it is Hollywood to which they turn for inspiration. Hence the introduction of products based on Starsky and Hutch, Donny and Marie Osmond, Six Million Dollar Man, Planet Of The Apes, etc. Airfix, as a matter of interest, on learning that the star of the TV series Charlie's Angels was about to quit the show (taking with her a vast fan following), wisely chose to offer a Farrah Fawcett-Majors doll. Meanwhile, Denys Fisher has the rights to Bionic Woman, which features a Bionic ear that pings when her head is turned from side to side. Other candidates for action dolls include the comic book heroes like Superman, Batman and the Incredible Hulk.

Finally, before parting with their £3 or so for the dolls of their dreams, to-day's children want them in the type of clothes that they themselves would want to wear. No more ill-fitting trouser-suits in garish colours, haute-couture is the key. And to prove it, one company (Flair Toys of Northampton) even have Mary Quant designing the wardrobe for their Daisy Doll—right down to the prints on the fabrics.

Board games

THE BOARD games sector of the toy industry has been going through its own small recession. As predicted recently by John Watson, Marketing Director of Waddington's (makers of Monopoly) the games market has reached saturation point. He estimated that there were no less than 470 games available in 1976, rising to 500 this year (1977) with about 100 of these newly launched. He reckoned that 42 per cent. of all the homes in Britain owned a Monopoly set and that combined, the domestic toys and games industry is worth around £230m. a year.



For the chess player who wants to improve his game: the DE Chess Challenger, which allows the player to pit his skill against a computer (and occasionally win). Cost £150-200.

The trouble appears to be that there have been too many one-off manufacturers—those who could offer only a single product and even then not be certain that they could deliver. Many of these lines were poorly researched, arriving in the shops with pieces missing and featuring highly complicated instructions. On top of all this, the illustration on the box often bore no resemblance to the contents. The expression "We'll Sell You The Box, And Give You The Contents For Free" was never more apt.

The consumer, therefore, bamboozled with the ultra-sophisticated packaging of numerous new games which were not what they at first appeared to be, frequently decided against buying any one of them—choosing something else entirely.

There were and still are, of course, exceptions. The quality of games like Monopoly and Scrabble, among others, is still first rate. If a customer picks a game from any of the respected names (Waddingtons, Spears, Milton Bradley, Ideal, to name but four) they are unlikely to be disappointed.

And while some games launched on the market have not been warmly greeted, there are still cases where a newcomer has gone from strength to strength. Take Master Mind (Invicta Plastics) as an example. Millions have been sold of this simple plastic peg game, which is based on a process of elimination. In fact, it is so successful that every Saturday night, the independent broadcasting station, BRMB, in Birmingham puts out a radio version for listeners on its late show.

The interest in games has resulted in the birth of specialist games shops, which continue to spring up, notably in the Greater London area. Places like the Games Centre in Hanway Street or the Games Workshop in Uxbridge Road are staffed by experts who will actually demonstrate a game upon request, with no obligation to buy.

Incidentally, Peter Darvill-Evans, who runs the Games Centre shops, told me that his customers vary considerably. His favourite story took place at his Kingston branch where a diminutive Rasputin-like figure inquired: "Do you have any games which involve mazes?" Eagerly Darvill-Evans began to explain the mechanisms of Lazy Days' game Cul-de-Sac, in which players take turns to place barriers on the board, creating a complex labyrinth.

"They can't do that!" exclaimed the customer, "I have taken out a patent to protect mazes! I shall have my solicitors contact the manufacturers." Slowly and carefully, Darvill-Evans attempted to explain the extremely specific nature of a patent, but was interrupted again.

"I know what a bloody patent is," the man yelled. And as he turned on his heels and stormed out, his voice causing the games to bounce on their shelves, he added, "I've taken out a general patent on all mazes...."

Video games

VIDEO GAMES burst upon the scene early in 1975. Encouraged by the success of audio-visual amusement machines installed at pubs and clubs, the first home models retailed at around £50. But, as with most marvels of engineering, if you waited long enough the price came tumbling down. Nowadays, it is not uncommon to pay only £19.

However, the bulk of these products are sold through departmental stores. Small retailers were approached at the beginning, but their reaction to the steep asking price was somewhat diffident. To-day's home video games have become progressively more reliable and simple to operate, and several innovations, such as a target firing rifle range attachment, have been introduced.

Palitoy, maker of Action Man, is soon to offer its own TV video game, Telstar—aimed presumably at the toy shops who turned down the idea a few years ago and who, in any case, prefer dealing with an established toy account. Tennis, football, handball and squash can all be played using a console unit which plugs into the TV aerial socket.

A completely different electronic game featuring light-emitting-diodes (LED) and solid-state technology is Gotcha (Dacoll Games, West Lothian) where players must negotiate hazards on an electronic playing board as well as deal with their opponents.

Whether or not ultimately electronic games will supersede the traditional dice and counters variety is hard to tell. It is reasonable to assume, though, that, since children are turning more and more to TV for passive entertainment, any active interest (which requires skill and a degree of thought) is certainly welcome.

هيكل اصنام الاصول

Rolls-Royce workers face guidelines breach warning

BY ALAN PIKE, LABOUR CORRESPONDENT

ROLLS-ROYCE'S 55,000 employees, some of whom have already submitted pay claims far beyond the 10 per cent. level, have been warned that the National Enterprise Board may withdraw State financial aid from the company unless it keeps within Government guidelines.

Sir Kenneth Keith, the chairman, has reminded senior managers in letters to plants that the NEB, which owns 100 per cent. of Rolls-Royce shares, considers the company within the public sector and liable to the pay guidelines. He warns that the Board's powers include the sanction to withhold finance.

The warning comes as local management begins to consider pay claims from Rolls-Royce workers. The company's 5,000-strong Scottish work force meets this week to consider a 10 per cent. company response to a claim for 25 per cent. plus other benefits.

In 1974 the Scottish workers went on a month-long strike which produced increases of £8 a week, and yesterday Mr. George McCormack, the convenor, said he thought it unlikely that his men would take much heed of Sir Kenneth's warning.

Workers at one of Rolls-Royce's Bristol factories have submitted a claim estimated by the company at about 60 per cent.

● Two Courtaulds companies face industrial action over pay claims which conflict with the pay guide lines. About 4,000 workers at British Celanese chemicals and textiles plant near Derby, still struggling to defer a Phase Two settlement, voted yesterday to strike from October 17.

The British Celanese workers, members of the Transport and General Workers' Union, were due to settle under Phase Two in June, but are sticking out for rises of £15 a week.

The Courtaulds textile plant at Carrickfergus, Northern Ireland, where 600 men are already idle, will be closed from to-day because of a strike by 260 engineers. About 600 more workers will be laid off as a result.

The engineering workers seek increases of about 40 per cent. The company has offered only 5 per cent., linked to a self-financing productivity plan which would produce another 5 per cent. now, but bigger increases later.

Mr. Stanley Craigs, the company's general manager at Carrickfergus, said he was disappointed that unions were unwilling to negotiate on the basis of the productivity scheme. "The offer is on the table. I feel there is money there," he said.

Bank staff union 'thwarted'

A mass meeting of bank staff in the City of London was told last night by Mr. Leif Mills, general secretary of the National Union of Bank Employees, why the union had decided to withdraw from the industry's joint negotiating machinery.

Mr. Mills said that the staff associations in three clearing banks had consistently blocked the union's efforts to improve pay and conditions for the 200,000 staff involved.

Five-year project to improve safety

BY DAVID CHURCHILL, LABOUR STAFF

A FIVE-YEAR programme to improve health and safety at work was announced yesterday by the Health and Safety Commission. It includes 140 projects.

The commission wants to build on the improvement in occupational health since the introduction of the Health and Safety at Work Act in 1974. It will put the emphasis on industry solving its own health and safety problems.

Mr. Bill Simpson, chairman of the commission, said yesterday the programme was "the first comprehensive blueprint for action on health and safety at work of its kind produced in this country. I hope that nobody will say that Britain cannot afford this programme at this time of economic stringency."

The commission has already disclosed the scope of the problem. More than 1,400 people died as a result of accidents at work or from industrial diseases in 1975 and 15m. working days were lost.

The Commission acknowledges that legislation is necessary, but it argues that its strategy must be "designed to convince everybody at work of their personal responsibility towards health and safety, which goes far beyond a formal compliance with the law."

The programme set out yesterday by the commission in its report on its activities between 1974-76 was approved by Mr. Albert Booth, Employment Secretary, after consultation with other ministers.

**Health and Safety Commission Report 1974-76, SO, £2.*

Manpower group plans better skills training

PLANS TO IMPROVE training in skills needed by industry have been proposed by the Vital Skills task group of the Manpower Services Commission.

The group was set up by Mr. Albert Booth, Employment Secretary. He wanted the commission to investigate ways of improving the quality and amount of training in industrial skills and to prevent persistent shortages of skilled manpower from getting worse.

A second aim was to encourage a continuous interest in industrial training when skilled manpower was plentiful, as well as when during a shortage.

Grunwick denies workers are paid too little

BY OUR LABOUR STAFF

GRUNWICK denied yesterday that it paid its employees lower wages than the vast majority of London employers and that its rates were inferior to those of comparable companies.

Mr. Roy Grantham, general secretary of the Association of Professional, Executive, Clerical and Computer Staff had told a hearing of the Central Arbitration Committee that employees at the Grunwick film processing factory were underpaid despite a 15 per cent. pay award last November and a 10 per cent. award in April.

He said there was no pay band in the company, which paid the individual as it thought fit, depending on conditions in the labour market.

APEX claims to represent members still employed by Grunwick and those dismissed at the start of the Grunwick union recognition row in August last year.

The hearing of the committee, which is under the chairmanship of Professor John Wood, follows a referral under Schedule 11 of the Employment Protection Act 1975, which deals with pay and conditions of work.

Mr. George Newman, counsel for Mr. George Ward, managing director of Grunwick, said companies selected by APEX for comparison were often suppliers to the professional market. They were in a different category from the holiday and family snapshot business of Grunwick. Grunwick processing staff on £38-£64 a week were far better off than other comparable laboratories paying a maximum of £41.

Mr. Grantham had said the average weekly pay for a 40-hour week was £45 now compared with £35.60 in August, 1976. He compared the current average wage at Grunwick with the average rate for manual labour in the Brent area of £53 for a 40-hour week.

More talks to-morrow on Murphy site dispute

BY OUR LABOUR STAFF

MANAGEMENT and national union officials involved in the week-old Transport and General Workers' Union tunnellers dispute on a North London building site meet for a second round of talks tomorrow after withdrawal of all but a handful of pickets from the site yesterday.

Direct talks earlier this week between Mr. John Murphy of J. Murphy and Sons, the London contractors on the site at Finsbury Park, and officials of the TGWU at Transport House failed to reach a conclusion on how to stop disruption at the site by two opposing groups in the union.

Union members employed by Murphy at its Kentish Town transport depot have alleged harassment at the site gates by members of an 800-strong mining branch of the TGWU.

A group of unemployed members of the branch were evicted last week from a 50 feet-deep sewer excavation tunnel. They had staged a squat there in protest at alleged employment of non-union labour through a sub-contractor.

The company has insisted that all the men working on the contract are paid-up union members, and that this has been confirmed in checks by Hackney Borough Council officials.

National officials have asked for access to the site to make checks on union membership for themselves, but so far the company has refused to allow further checking on site workers.

Journalists' chief condemns closed shop

BY OUR LABOUR CORRESPONDENT

THE ROYAL COMMISSION on the Press would have done better to have "damned the journalistic closed shop unequivocally and to have urged its outlawing" rather than to accept it as a fact of life and look for safeguards, Mr. John Slim, president of the Institute of Journalists, said yesterday.

Mr. Slim, speaking at the opening of the institute's annual conference in Birmingham, said that the Commission should have declared that the implications of a journalistic closed shop stretched too widely to be tolerated. It should have explained why a journalistic closed shop could not be likened to a closed shop in any other profession or industry.

"All this the Royal Commission could, and should, have done. But how much more satisfactory it would be if the Government—and indeed certain sections of the newspaper industry—recognised the journalistic closed shop for the dangerous tumour that it is."

Then, said Mr. Slim, perhaps decisive action would be taken to root it out and there would be "no need to pander to its presence with pussyfooting proposals and stopgap remedies born of fear and desperation."

He welcomed the split in which the Royal Commission made its recommendations on Press freedom but questioned whether the Commission was really happy that it proposed six safeguards to apply in closed shop cases should not be supported by sanctions for at least three years. This, said Mr. Slim, ignored the fact that in three years time the damage "could in many cases be irreparable."

Mr. Slim said that journalists who resigned from the rival National Union of Journalists "in disgust at its blunderings" deserved support, but added that they had achieved nothing by "establishing themselves firmly on the fence."

On pay be warned that many provincial journalists were "seething with discontent at low wage levels." The Institute is seeking pay rises this year in excess of 30 per cent.

Air assistants' picket

AIR TRAFFIC control assistants at London's Heathrow airport yesterday stepped up their action in support of their claim for pay rises blocked by pay policy, and picketed the five entrances to the airport's cargo terminal.

This move by the assistants' union, the Civil and Public Services Association, came at the same time as union and employers' representatives from the airlines at Heathrow agreed to make a joint approach to the Government tomorrow to find a solution to the dispute.

Teachers angry

Teachers' leaders in Oxfordshire were angry last night at the county's refusal to use just over £1m. of education budget underspent in the last financial year to improve educational services this year.

Mr. Mervyn Benford, a National Union of Teachers official, described the council sub-committee's decision as "shocking."

Mr. Doug McAvoy, NUT deputy general secretary, said the council had missed a "golden opportunity" to improve educational facilities.

Tunnel strike

The £160m. Tyneside Rapid Transit scheme, already delayed by labour disputes, was hit again by a strike involving 60 tunnel miners yesterday.

The men walked out in support of colleagues in London on strike over the alleged use of non-union labour.

Overtime ban

About 3,000 manual workers at Short Brothers' aircraft factory, Belfast, have banned overtime in support of a claim for substantial pay rises. The claim is one of many in the 30-40 per cent. bracket being submitted by workers in Ulster's engineering industries.

HOME NEWS

Low fare Skytrain earns £20,000 in its first week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SKYTRAIN, the low-fare, no-frills air service operated by Laker Airways between Gatwick and New York since September 26, earned a net profit of £20,000 in its first week, or about 8.9 per cent. of turnover.

Revenue from the 2,516 passengers (633 from the U.K. and 1,883 from the U.S.) amounted to more than £220,000 in the week from Monday to Sunday. The load factor — the percentage of seats sold—averaged 72.9 per cent.

Mr. Freddie Laker, chairman of Laker Airways, is in New York, discussing improvements to the service. He might decide to offer two daily Skytrain round-trips, against the once-daily flight now operated.

The rival cheap Stand-by and Budget Plan flights offered by the scheduled airlines from Heathrow to Kennedy Airport, New York, also continue to do well. British Airways said yesterday that in the last two weeks it carried 1,836 Stand-by and Budget Plan passengers, 1,042 from London and 794 from New York.

The success so far of these cheap-fare plans indicates that a new market is being tapped, but the airlines remain cautious in their forecasts. They suggest that they might not be able to claim firmly that the new cheap fares are successful until the spring.

Work towards quiet urges air group

BY OUR AEROSPACE CORRESPONDENT

THE INTERNATIONAL Civil Aviation Organisation, which represents more than 100 countries, has called for all its members to co-operate to achieve a reduction in aircraft noise.

The organisation said at its triennial assembly in Montreal that most jet aircraft in international service caused noise well above the approved limits. This resulted in airport curfews and stringent opposition to the construction of new airports or the expansion of existing ones, to the detriment of civil aviation growth.

The organisation said it was conscious of the adverse environmental impact of noise and wanted to see the "maximum compatibility between the safe and orderly development of civil aviation and the quality of the human environment."

Second draw for houses

BY CHRISTOPHER DUNN

THE GREATER London Council intends to raffle another 200 houses to London residents in the second of its Homestead lotteries on December 7.

It will follow what the Council described yesterday as the "resounding success" of the first draw on September 26. More than 11,000 Londoners applied for 200 houses.

Unsuccessful applicants for the first allotment will get a second chance to win a house. Their names and those of new applicants will be put in the drum for the second draw.

The "Homestead" scheme helps first-time buyers with limited resources to restore council properties.

The houses on offer, mainly in North and West London, are in the £6,000-£10,000 bracket, they are run down and surplus to the GLC's requirements.

Winners acquire the houses on a deferred mortgage, which gives them a three-year holiday on repayments. They can apply for improvement grants and council loans.

Mr. John Methven (left) and Mr. Tom Lyon at the CBI urging help yesterday for smaller companies.

CBI seeks lower taxes to aid small companies

BY DAVID FREUD, INDUSTRIAL STAFF

A DEMAND that the Government should reduce personal taxation to save the small company sector was made yesterday by the Confederation of British Industry.

The Confederation's first major study on small businesses, Enterprise into the Eighties, says that unless changes are made "Britain's industrial and commercial base within 10 years will be starved of the enterprise, the competition and the jobs which a smaller companies sector should provide."

As well as a range of tax change recommendations, the discussion document calls for a reduction in the administrative burden on smaller companies.

The document, published by the Smaller Firms Council of the CBI, says that, proportionately, small companies in Britain employ fewer than those in North America, Japan and Western Europe.

The figures show that only 32 per cent. of industrial employment in the U.K. is in small and medium companies compared with 37 per cent. in West Germany and 44 per cent. in France.

They also show that new business starts in Britain were half the total of those in the U.S. in 1974.

Mr. Tom Lyon, chairman of the council, said yesterday: "The small company sector is not a healthy growing plant and will die unless the Government heeds our advice."

The document was calling on the Government to leave the money with the entrepreneurs rather than take it in tax to spend on industrial projects and assistance.

"We will use it to better effect than the Government," said Mr. Lyon.

The document shows that the number of very small manufacturers employing ten or fewer had shrunk from 93,000 in 1930 to 37,800 in 1972.

It says: "It has become too difficult, if not impossible, for individuals to save capital to start new businesses and far too much money is drained out of established enterprises to meet tax liabilities.

"The bias against the accumulation of capital and income from it is a major disincentive to the creation and development of smaller businesses."

The key recommendations to the Government include a comprehensive review of the tax system with a top marginal rate of 60 per cent. on income tax and the removal of discrimination between income from different sources; a harmonisation of inheritance taxation with other EEC countries; and full allowances for inflation in the assessment of capital gains tax.

On finance, the document recommends the avoidance of policies which force companies to rely excessively on loan finance.

To ease the administrative burden, it calls on the Government to establish a system of scrutinising proposed legislation from the viewpoint of managing smaller companies.

Threat of housing set-back grows as totals drop

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PUBLIC sector house building showed a further decline in August, according to the Department of the Environment.

Figures released yesterday show that the number of starts made in the public sector fell back to 11,500 against 12,400 in July and 13,600 in June. The month's total was the lowest achieved since April, while in August last year contractors began work on nearly 15,000 public sector houses.

The latest figures came the day after warnings from Mr. Reg Freeson, Minister for Housing and Construction, that the local authority house construction programme, already severely depleted by public expenditure cuts, faced a further set-back next year.

Mr. Freeson said that housing approvals in the public sector were likely to reach only 75,000 in 1977-78 against the proposed target of 90,000. In the previous year approvals reached 110,000.

Refusals

So far this year work has started on just over 88,000 public sector homes and the final total for 1977 is expected to be around the 135,000 mark. Last year's total was 173,000, and it was even higher, at 174,000, in 1975.

Mr. Freeson put much of the blame for the poor outlook on Conservative-controlled councils which, he claimed, were refusing to implement central Government housing policies. Some authorities, he added, were refusing to take up the already low budgets that had been authorised.

The Department's statistics show that, during the three-month period to the end of August, public sector housing starts were 7 per cent. higher than in the previous quarter but were 24 per cent. lower than a year ago.

Public sector completions during August rose to 13,700 from 12,700 in the previous month. The figure was a rise of 2,000 on the industry's achievement in August last year.

On a quarterly basis, the number of public sector homes completed between June and August was 7 per cent. higher than in the preceding three months and 2 per cent. up on a year earlier.

There was also a downturn in the level of private house building in August. The Department said that 10,400 private sector homes were started against 13,600 in July and 13,200 during the same month last year.

The total of starts achieved in the June-August period represented a 4 per cent. fall on the preceding quarter and a 19 per cent. drop on the same period last year.

Private housing completions in August also amounted to 10,400 compared with 12,300 in July and 11,800 in August, 1976. On a quarterly basis, completions showed a three per cent. fall from the previous three months and were 10 per cent. lower than in June-August last year.

The Department said that total housing starts between July and August were up one per cent. on the previous three months but still 22 per cent. lower than during the same period last year.

The Department also reported yesterday that, in England, grants for conversion or improvement on 26,000 homes were approved between June and August. Private sector grants were 13 per cent. lower than in the same period last year, while local authority and housing association renovations were down by 38 per cent.

Better profits expected in West Midlands

By Our Midlands Correspondent

SIGNS OF a "modest upswing" in business confidence are shown in the latest quarterly survey conducted by the West Midlands Chamber of Commerce. Many companies expect improved orders, turnover, and profitability.

Mr. Renault Beakbane, chairman of the regional group, last night welcomed the results as "encouraging signs for the future." He took particular comfort from the fact that the downward trend in the volume of U.K. trade appeared to have been arrested.

A discouraging feature of the survey is the indication that both export orders and deliveries are declining. The strength of sterling, against a background of domestic price rises, is clearly affecting the competitiveness of U.K. products.

The underlying level of unemployment in the West Midlands has been on a rising trend since the spring, but the survey indicates that companies may once more be considering taking on new labour.

Grimond quits post in party

By Rupert Cornwell, Lobby Staff

MR. JO GRIMOND, former Liberal Leader and a proclaimed opponent of his party's Parliamentary agreement with the Labour Party, has given up his duties as Energy spokesman in Mr. David Steel's Shadow Cabinet.

Unlike Mr. Cyril Smith, MP for Rochdale, who resigned last week as Employment spokesman in protest at the Liberal Assembly's overwhelming decision to continue the alliance, Mr. Grimond will stay in the Shadow Cabinet.

He is 64 and for some while has been keen to be relieved of a job for which he has never shown great relish. But he will continue his interest in oil-related questions, and vote in accordance with the party line.

But his going, nevertheless, is certain to be interpreted as a sign of lingering unease in Liberal ranks over the pact, and will make it more difficult for the party's small contingent at Westminster to present a credible Shadow team.

Mr. Smith's duties will be taken over by Baroness Seear, who is president of the British Standards Institute and already spokesman on prices and consumer affairs.

Another peer, Lord Avebury, will take over Mr. Grimond's Energy portfolio.

In the Commons, both jobs have been given to Mr. David Penhaligon (Truro) on top of his responsibilities for Transport and environmental matters.

Ironically, after Messrs. Smith and Grimond he is probably the Liberal MP least happy over the deal with Labour.

Heat waste costs £500m. a year

BY KEVIN DONE,

ENERGY worth £500m. a year is being wasted because of the inadequate insulation of British houses, according to Mr. Charles Ryder, head of energy conservation technology at the Department of Energy.

Almost half the 14m. homes in Britain which had accessible lofts, had no insulation at all, Mr. Ryder said. For every £1 spent on heating the whole house, 25p worth of warmth could go through the roof if it was not properly insulated.

According to the Department of Energy, many of the uninsulated houses were the homes of poorer people who could least afford to waste money on unnecessary heating bills.

About 2.5m. council houses with lofts, two-thirds of the total, were totally uninsulated, and another 750,000 were inadequately insulated.

Home owners had largely ignored the benefits that proper insulation could bring. More than a third of owner-occupied houses with accessible lofts were not insulated at all.

The position was worse in the private rented sector where three-quarters of all properties had absolutely no insulation, Mr. Ryder said.

The main effort of the Government's energy conservation programme is being directed towards home insulation in all its forms.

The Department claims that in a between-the-wars semi-detached house, 25 per cent. of the heat escapes through the roof, 35 per cent. goes through the walls, 15 per cent. is lost in draughts, 10 per cent. goes through the windows and 15 per cent. goes into the ground.

Footwear report to be discussed

THE FIRST public discussion of the footwear industry steering group's report will take place at the British Boot and Shoe Institution's two-day conference in Birmingham on November 5 and 6.

The report, commissioned by the Department of Industry, was the result of nearly two years' work. Among its recommendations, it called for the investment by the Government of over £11m. in the industry, with manufacturers being required to contribute a similar sum.

Recruiting

The money is required mainly for the creation of new manufacturing and exporting companies, investment in machinery, recruiting senior managers and senior marketing executives, and the recruitment and encouragement of design staff.

During the conference, the main aspects of the report will be examined. It will consider how best to make it an effective tool in the rejuvenation of the U.K. industry if it is to remain viable in the face of heavy pressure from imported footwear, running at well over 40 per cent. of sales.

Countryside chief urges Army to quit Dartmoor

The military should be withdrawn progressively from the Dartmoor national park the Ministry of Defence was told yesterday.

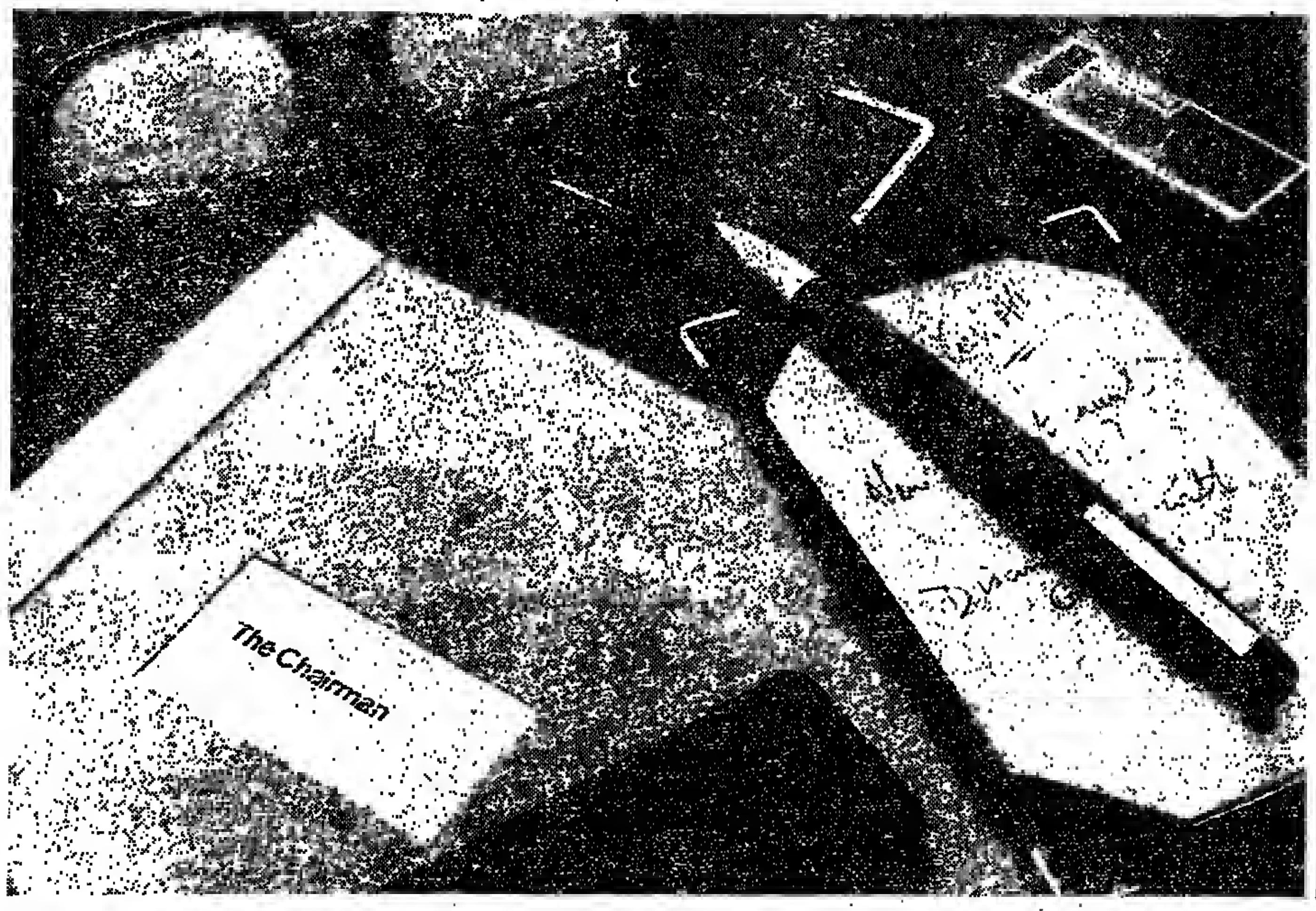
Mr. John Cripps, chairman of the Countryside Commission, wrote to the Defence and Environment Secretaries that he wanted an assurance that the Ministry would keep its requirements under review.

He suggested that the Ministry of Defence should make every effort to moderate its demands "with a view to progressive withdrawal of military use, leading ultimately to its termination.

"Those activities, such as the use of live ammunition, which are particularly unsuited to an area set aside for conservation and informal recreation should be withdrawn first."

The Commission "regretted" the Government's decision that for the foreseeable future Dartmoor must continue to be used for military training. "We are not persuaded the military authorities will take action until they are expressly instructed to do so by Government."

The Government should call for a formal review every five years on the military needs in the park, and that review should be published, Mr. Cripps said.



Bank faces claims for £½m.

EIGHTY-TWO people who lost cash, jewellery and other property in the 1971 Baker Street bank raid are claiming more than £500,000 damages in the High Court.

The case, adjourned yesterday because the judge, Mr. Justice Stocker, was ill, is now expected to begin to-day.

The claim is against Lloyd's Bank, whose Baker Street branch in London was raided in September, 1971. A gang tunnelled 40 feet into the strong-room and stole cash and property reported to be worth more than £1½m. from safe deposits.

The detailed losses of the 82 plaintiffs cover 90 pages in the writ. The case is being contested.

Christmas post deadlines

LAST POSTING dates for Christmas surface mail to Australia and New Zealand are next week. Parcels and packets should be posted by Monday, October 10, and letters and cards not later than October 12.

October 10 is also the last posting date for surface parcels and packets to all Far East countries, and to British Indian Ocean Territory, Cuba and the Falklands. Surface cards and letters to these countries should be posted by October 12.

Sunday drinks go-ahead for some Scottish pubs

THE REFORM of Scotland's licensing laws was taken a step further yesterday, with the granting of Sunday drinking in some public houses.

Provost Mrs. Laura McCaig, after opening the doors of 34 public houses to Sunday trade, said that the country's licensing laws were being "brought into the 20th century."

She was presiding at the first meeting of the Licensing Board of the Sterling district to consider Scotland's first applications for Sunday opening hours.

Previously, public houses attached to hotels had been allowed to open on Sundays, but ordinary public houses could not.

Sunday opening is the second reform in the licensing laws. Last December, public-house opening hours were extended.

Mail users seek check on postal costs

By John Lloyd, Industrial Staff

LORD CAMOYS, chairman of Amex Bank, the merchant banking subsidiary of American Express, yesterday was appointed president of the Mail Users' Association.

The association was founded two years ago to represent the interests of bulk mail users.

Lord Camoys said that the association's main function in the immediate future would be to press for the implementation of the report of the Post Office Review Committee, which is under consideration by the Government.

The elements within the report on which the association laid most stress were those which recommended that the Post Office be more cost effective.

Car magazine attacks Skoda

FINANCIAL TIMES REPORTER

SKODA cars are criticised in Motor magazine to-day. A report on the Czechoslovakian cars says: "The swing axle rear suspension and poor steering can make the car dangerous in inexperienced hands under certain conditions."

The magazine says that there can be sudden and strong oversteer and that the heavy, sticky and imprecise steering makes recovery from such a problem difficult.

After a highly critical report on the steering, suspension and rear axle in the new Skoda Estelle, it concludes: "The Estelle is a car we cannot recommend."

Mr. Richard Friend, sales manager of Skoda (Great Britain) denied yesterday the suggestions that the car was dangerous. "When driven for what it was—low-cost family saloon—the car was quite manageable."

He had pressed the Czechoslovakian manufacturers to make some modifications, however, and the U.K. import company was modifying the 120LS with a front air dam, coil springs and beefed-up suspension and was fitting different tyres.

More than 3,800 Estelles had been sold since their introduction in early June. The company had expected to sell up to 14,000 Skodas in Britain this year. But the recent adverse publicity—both Autocar and the AA have also expressed reservations about the Skoda's steering and suspension—had slowed sales down, Mr. Friend said.

He hoped that the factory would be able to introduce the modifications in a few months. In the meantime the car would remain on sale.

One of the main selling points of the Skoda is its price. The four models available sell for between £1,549 and £1,799, making them considerably cheaper than, for instance, the Mini or the Ford Escort.

Motor magazine said yesterday that it was worried because of this. Most other cars had improved considerably in the last 10 to 30 years but the Skoda had not. The public might not realise this and be tempted by the price.

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Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● COMMUNICATIONS

Viewdata's many roles

MORE THAN 120 companies sent around 200 people to the recent joint Butler Cox/PO seminar on Viewdata.

The interest stems from the fact that Viewdata is a medium, not a system. In the words of McLuhan, "the medium is the message," and that message may well have wide appeal.

Meanwhile the technology of Viewdata has caused problems. It is running well behind schedule—some people say as much as 18 months. The reason for that is that what began as a simple system was, for a time, in danger of being complicated.

The P.O. investment in Viewdata is now around £5m. and it has a 40 to 50 strong team working on it. Much of that investment is in computer systems, either delivered or on order, and Viewdata research is now getting the sort of priority which it needs. Instead of sharing a computer system with a horde of other projects, research will have its own system before the end of the year.

Around a hundred possible providers of information have been signed up by the P.O., 80 of whom are already preparing databases. And there are 50 more currently having discussions or otherwise trying to become involved. Two-thirds of the providers are aiming their interest at the home market, the other third at business. There are currently around 10,000 frames of information up on the system, and the P.O. expect 25,000 by Christmas and 100,000 by the time the market trials begin next July.

Some idea of the sort of money companies may have to spend was given by Brian Botten of Extel Communications, who pointed out that at least £100,000 would be spent even before the market trial began, and that Extel would have to look three to four years ahead before the system became economically viable.

Roy Bright, head of Viewdata International Operations, indicated a four-phase plan up into the late 1980s. First the trial and then limited public service; second a proper public service and a message service. In the mid-1980s a technological improvement, including local storage would come in and lastly, in the late 1980s, an improvement in the communications.

Sam Fedida, Viewdata research and development manager, and its inventor, foresaw two step functions, the first in 1985 or so, the second in 1990. He also indicated that there was an immense amount of work going on in terminal development both in and out of the P.O.

First, capability is being extended to deal with foreign alphabets. Next, while the standard TV receiver in the British system is capable of going up to 40 characters a row, some of its characteristics make it inconvenient for certain graphics. Though he did not say whether the P.O. was devising its own TV receiver-like terminal or devising a graphics generator that could be added to a Viewdata receiver, he made it clear that a proprietary system was being devised.

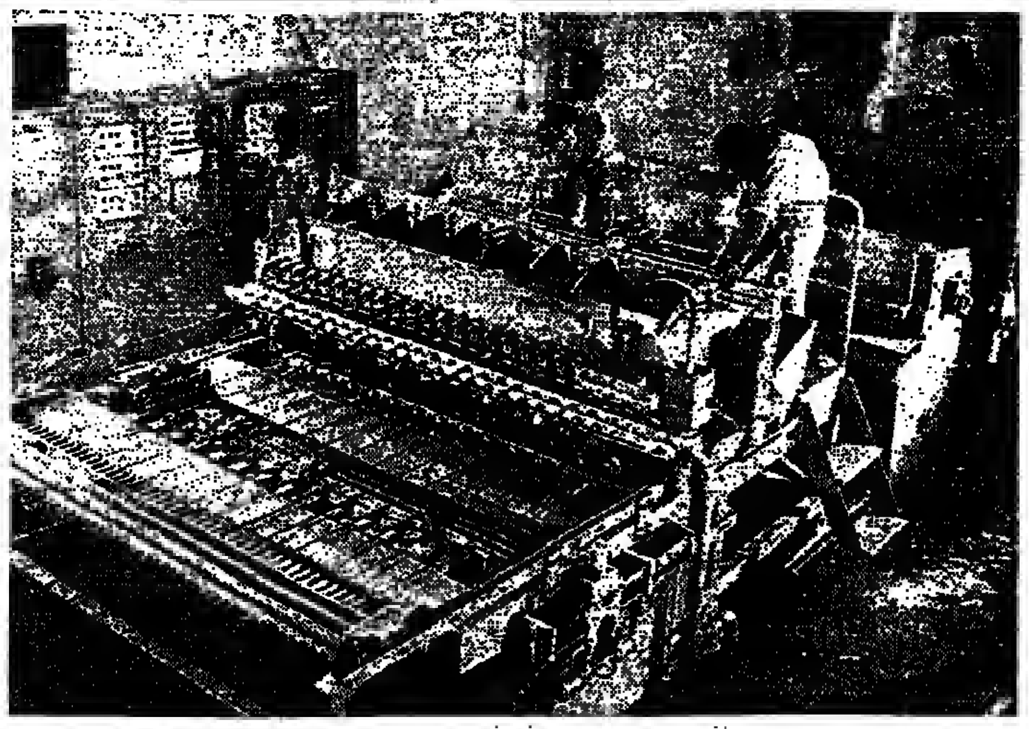
To come are multi-language terminals, intelligent terminals, portable terminals, radio terminals, clustered terminals—enabling say in school's applications one line to drive six receivers—and public terminals. These last are for the message service, which he pointed out could be made much more vandal-proof than existing phones.

With Viewdata Mk. II be foreseen a new 80 character per row terminal to make electronic business mail comply with normal commercial business standards. The way people do things already.

New applications would include programming for the layman, and the ability to self program, or the calculator service spelt out by Roy Bright, which would denable VAT, DCF, tax, and mortgage calculation services. Unexpected were the ability to connect through Viewdata to Euronet and, for a price, raid other databases; telecontrol; monitoring and production control.

Three which caused some private comment—at the end of his list—were point of sale, order entry, and stock control applications.

Ability to be on line with small terminals, which can in the evening revert to the domestic TV receiver, can be expected to give serious competition to the existing suppliers of such services.



Part of a £250,000 prodnction line just commissioned at Ikeja by Nigerian Wire Industries for manufacturing welded wire reinforcement mesh. The plant was designed and supplied by H. A. Schlatter of Schlieren near Zurich and will produce the material in flat sheets or in coil. A ehange from one specification of mesh to another can be made in under 15 minutes. Part of a £6½m. investment programme by Nigerian Wire Industries, the plant is expected to bring the company into new prodnct areas, including high carbon wire for springs and for wire rope and strand mannfacture. The company is a joint venture by Nigerian business interests with Bridon of Doncaster and Mitsui and Company of Japan.

● HANDLING

Improved lift truck

TWO DIESEL engined fork lift trucks in the Linde range, with capacities of 3½ and 4 tonnes, have been redesigned by the maker to improve driver efficiency and increase performance.

The mast is now fitted with a single vertical central member of 100 mm. diameter, which allows the driver to see more clearly through the lifting frame. The free lift guide is in the form of a shaft which slides into the end of the mast ram, and the mast is constructed from I-beams for greater strength.

All movement of the mast is controlled by a single lever, which also controls engine speed. Speed can only be increased for lifting and lowering, not tilting.

The springing and bydraulic damping of the driver's seat can be adjnsted to body weight in 5 kg. steps.

Engine cooling air, as on previous models, is ducted through the counter-balance weight, but on the new trucks the hollow core of the weight acts as a silencer for the air intake. The air is also nsed to cool the hydrostatic transmission oil.

Compared with earlier models, engine noise has been reduced by an average of 3 dBA at full engine speed. At one metre from the truck the noise level is 76 dBA, and at the driver's ear 85 dBA. This has largely been achieved by encapsulation of the engine compartment and plastic foam mat lining.

Steering axle and linkage geometry has been redesigned for greater strength, and hydrostatic steering has been added. The truck is driven by two new hydraulic wheel motors, dispensing with the differential axle. Hydraulic power is provided by a variable displacement swash plate pump with operating pressures up to 6,000 psi. This is more efficient and half the weight of the bent axis pump previously used.

Both trucks use a Deutz four cylinder diesel engine, one of 67, and the other of 70 b.p.

Details from Linde Hydraulics, Nuffield Way, Abingdon, Oxon., OX14 1RJ (0235 22828). The company says prices for the two new trucks will not be increased.

● COMPUTING

Speeds the typing

HARD on the heels of its success at British Steel, Logica has landed a similar contract with British Petroleum for the Unicom/VTS computer-assisted typing system.

The equipment, which consists of nine visual display units with keyboards, 10 megabytes of disc storage and three high-quality daisy wheel printers has been installed in the central typing area of BP's shipping department in the London group headquarters.

Eight of the typists key in material which goes immediately into disc store and can then be called up on to a printer by the supervisor using the ninth unit as a controller. When corrected drafts later appear from executives, a typist can retrieve the particular document, alter it on the VDU, store it—and repeat the process as needed until a final version is ready for printing.

Central storage allows about 3,500 fully typed A4 pages to be instantly available to any typist at a few keystrokes: these might be standard forms, or texts requiring modification at each use. Unicom uses Raytheon equipment and further details can be obtained on 01-580 8361.

Analyses the micro

LATEST tool for the microcomputer designer is the MPA-1 microprocessor analyser with which weak or awkward components in hardware or software can be identified.

The engineer can watch the behaviour of a program within a system using a hexadecimal display on a crt screen. The display is composed of 32 hexadecimal words of address and data, captured directly from the program stream being executed by the processor.

All the locations in the address space of the micro can be used as trigger addresses, even those with no device or memory assignments. A trigger word is set to a required location in the address space by using thumbwheel switches on the front panel. This trigger word can then start 32 words of capture, or can represent the last of 32, in which case the preceding processor activity will come up on the screen: alternatively the word can start a counter to delay capture by any preset number of clock cycles up to a maximum of 65k.

MPA-1 can be used to debug programs, data or illegal addresses, to examine stacking operations such as subroutine jumps and returns, or to interrupt vector locations in real time. More on 01-902 8816.

Tesco takes a mini

ALTHOUGH it can hardly be said to represent a major move in the direction of distributed computing, the Tesco group nevertheless has taken a tentative step with the announcement that certain of its non-grocery warehousing is to be dealt with by a SyFA mini system from Computer Automation.

It will manage the receipt, allocation, transfer and loading of the company's "Home 'n' Wear" goods at a purpose built warehouse in Milton Keynes which contains some £10m. of stock and serves half the stores in the U.K.

The system will allocate goods received by issuing pallet tickets instructing the fork lift truck drivers where to store the goods and then, in conjunction with the existing ICL 1904S produce picking lists for van loading.

Equipment to be installed is a 2/60 minicomputer with 64 kilobytes of main memory, a pair of 10 megabyte disc stores and three VDUs. Software is by KPG of London and implementation is planned for early next year.

● AGRICULTURE

Irrigation pumps

TWO PORTABLE high pressure centrifugal pumps have been added to the range made by Atalanta Engineering, Hanworth Lane Trading Estate, Chertsey, Surrey (09325 62655).

Intended for irrigation sprinkler systems and other pressure boosting applications, both these 2-inch pumps can operate against a 55-metre head and can produce a flow of 250 litres/minute. One, weighing 26 kg, is driven by a Briggs and Stratton air-cooled petrol engine of 2.55 bhp, and the other by a Petter air-cooled diesel engine of 3.5 bhp. Both have a cast iron body.

● PACKAGING

Straps fish boxes

ORIGINALLY DEVELOPED for use in the French oyster industry, the Botant Marine automatic strapping machine is now available in the U.K. for fish packing.

Operating from a single-phase supply, the machine weighs 500 lb and is stated to be portable. All electrical equipment is housed in a waterproof compartment.

Operating speed is up to 44 straps/minute (depending on pack size), and the machine can be fitted with knee or foot control. It applies 5 or 9.6 mm polypropylene strapping, which is automatically placed and tensioned round the pack, then heat sealed. Maximum pack size is 700 x 700 mm.

Marketing is by Pakseal Industries, Cordwallis Estate, Maidenhead, Berks (0628 26381).

● COMPONENTS

For cooling main engines

DESIGNED FOR all water to water and oil to water beat transfer applications onboard sbips is a new plate baat exchanger launched by Alfa-Laval. It is intended for main engine installations below 4,000 bhp, or as an auxiliary engine cooler.

The frame has rubber lined connections and can handle working pressures up to 6 bar. Depending on the application, the heat transfer plates, with nitrile rubber gaskets, can be of stainless steel or titanium.

More from the maker, Great West Road, Brentford, Middx., TW8 9BT (01-560 1221).

Miniature converter

THERE ARE 12 models in a range of dc to dc converters developed by Gresbam Lion, inlended for direct mounting to printed circuit boards and measuring only 51 x 51 x 10 mm.

This Gemini 900 unit can provide five, nine, 12 or 15 volt outputs from inpnts of five or 12V. Output power is five to six watts. At the full rating the efficiency is typically 65 per rent. Maximum output ripple is about one millivolt rms while the output noise does not exceed 50 mV peak to peak. The switching frequency exceeds 20 kHz so that there are no problems with audio noise.

Output current is limited to 150 per cent. of the rated value on all models and sbort circuit protection is effective for up to eight bours. The units are protected from external interferenre by a six-sided shield integrated into the design. More from the company at Twickanbam Road, Feltham, Middlesex TW13 6HA (01-894 5511).

● INSTRUMENTS

Meter makers beware

LESS THAN one-third the price of existing 3½ digit meters, a new hand-held multimeter is also competitive in price with traditional low-cost analogue meters.

This new venture product by Sinclair weighs only 6½ oz and comes in the Oxford calculator case.

It has been designed for the electronics engineer, field service man and the hobbyist and incorporates all the features that an international survey of these groups showed as key requirements, particularly a full complement of dc voltage ranges, dc current ranges and resistance ranges. Sinclair says there is very low demand for ac current ranges, although ac voltage measurement was considered a necessity (mainly for checking puwer line availability).

Voltage measurements can be made with an accuracy of 1 per cent. of reading, as can dc current. Resistance can be measured up to 20 Megohms and the resistance ranges can also be used to measure forward voltage drops of semiconductor junctions.

Range selection is by a simple slide switch. The unit has auto polarity (which can also be used for nulling measurements) and a 3½ digit bright red LED display. Maximum reading is ±1999. Over range is indicated by horizontal bars on most significant digits and zeroing of other digits.

The low price has been achieved through using a large custom digital integrated circuit, and engineering the analogue circuits around it. The whole precision network which determines measurement accuracy has been engineered on to a single thick-film circuit which not only cuts assembly costs, but gives enhanced reliability, Sinclair asserts. Budgeting is based on production runs of tens of thousands.

The company says it has firm orders in excess of 20,000 units from the U.K., U.S., Europe and Australasia. If the home and export buying trend is maintained in what is one of the tougher instrument markets, this diversification will be much more important than many of the Sinclair calculator announcements.

PDM35 is first in a series, which Sinclair plans to introduce over the next six months, including an auto-ranging, 4½ digit instrument prired at around £100.

Sinclair Radionics, London Road, St. Ives, Huntingdon, Cambs. (PE17 4HJ1. 0480 64646.

● MAINTENANCE

Boiler cleaners

THE SOOTMASTER range of boiler vacuum cleaners is available in the U.K. There are four models with capacities of 9, 15, 20, and 35 litres, for most boilers from wall-bung domestic units to large industrial plant.

All the cleaners are fitted with 1 hp electric motors capable of producing a vacuum of 200 mm water gauge. Each is supplied with a 3 metre long 38 mm dia. flexible hose, and other cleaning accessories.

Marketing is by Anglo-Nordic Thermal Holdings, 74 London Road, Kingston-upon-Thames, KT2 5BR (01-549 09011.

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THE LABOUR PARTY AT BRIGHTON

'Back us or sack us' call to industry

Let's not falter now—Callaghan

BY PHILIP RAWSTORNE

MR. JAMES CALLAGHAN brought the Labour conference to its feet yesterday but hardly roused its zest for an advance to the election. "We have come so far together that we cannot falter now," the Prime Minister urged.

But it has been a long and wearying march for the party. The fatigue still shows; and Mr. Callaghan could again offer it no easy short cuts.

Prompting, pushing, cajoling and complimenting, the Prime Minister sought yesterday to get the party into shape and into step at least.

Mr. Callaghan rambled up and down the ranks, lining up left and right in unity. New cohesion on the Common Market, no compromise on racialism. The Prime Minister adjusted a policy here, polished up a gleam of hope there.

He sought to promote pride in achievement and to awaken a fresh sense of purpose with the prospect of power in the next decade. "We have brought the country through the bad times," he declared. "Now let us take them forward into the better times."

Stability had been secured, said Mr. Callaghan, with Liberal support and despite Tory self-interest. The country now had the best chance for years to break out of the pattern of national retreat and decline.

Delegates stirred briefly with enthusiasm as he called on them to respond to the challenge. They rallied as he scathingly flicked at the Tory enemy. "The most reactionary Conservative leadership seen in the House of Commons since the First World War," Mr. Callaghan asserted.

But it was not only the Tories who threatened the prospect of prosperity, he added gravely. The Government had to go forward with caution. It could not allow its advance to be checked by a scramble for wages and higher prices.

"We must therefore help each other," he appealed to the unions, in particular. "Either back us or sack us," he commanded industry.

The long term prizes to be won in the oil rich '80s were immense. Greater industrial investment, better social services, freedom from debt. Shares in the prosperity for all.

"This is our opportunity. But it is still only an opportunity. An opportunity we can take or miss," Mr. Callaghan declared.

But before it got into its stride along the road to growth, the Government had to ensure that inflation would not again bring it to a halt.

Mr. Callaghan once again laid out his 10 per cent. strategy. "I have made my choice. What does the Labour movement choose?" he demanded.

The movement chose apparently to wait first for the additional stimulus of the autumn budget.

Oil wealth can help modernise industry

BY IVOR OWEN, PARLIAMENTARY STAFF

MODERNISATION OF industry must be given first priority as Britain enjoys the benefits of the new wealth provided by North Sea oil, the Prime Minister told the Labour Party conference at Brighton yesterday.

Although rewarded by the customary standing ovation, his speech was mainly low key, with the need to preserve party unity, particularly in keeping wage increases within an overall limit of 10 per cent., a dominant theme.

Mr. Callaghan called on both sides of industry not to undermine the Government's economic strategy by unjustified wage or price rises. "Either back us or sack us," he challenged.

The Prime Minister urged trade union negotiators to take account of the further tax cuts to be made in the autumn in fixing the level of their wage claims.

And he underlined the warning already given by Mr. Denis Healey, Chancellor of the Exchequer, that excessive wage settlements in the interval could jeopardise the introduction of still more tax cuts next year.

Mr. Callaghan carefully kept his options open on the timing of the next General Election. It could be next year, or it might come in 1979.

He was insistent that the ground gained through the financial success of the past 12 months should not be yielded up through ill-conceived, short-term, measures but used as a base to launch the action needed to secure industrial success as well.

The Prime Minister left no room for doubt about the firmness of his conviction on the role to be played by the oil riches from the North Sea. Properly used, they could transform Britain's economic future in a way inconceivable even ten years ago.

"I can say straight away what is in my view our first priority," he told delegates. "That must be to modernise our industries so that our workers, by the end of the 1980s, will have the plant and machinery to compete on equal terms with the best in the world."

Mr. Callaghan promised that the Government would insist that the main benefits from the oil revenues should continue to be for Britain and not for the multinational oil companies. Re-investment of the revenues would provide more jobs in the future.

While North Sea oil flowed—he suggested that this might be for a period of perhaps not more than 30 years—the right balance would have to be struck between investment in industry, providing better social services, and paying off the nation's debts.

The Prime Minister stressed that failure to continue the fight against inflation could yet destroy the prospects of prosperity ahead. After reaffirming the need for the public sector to be seen to be playing its part, he stated: "A 10 per cent. increase in national earnings means a lower rate of inflation in 1978 than we have enjoyed for several years.

"More than 10 per cent. means inflation will go up again."

On a defiant note, Mr. Callaghan faced up squarely to the opponents of the Government's wages policy. He declared: "To those who tell me 'No way will the country accept 10 per cent.,' I reply 'Then no way will you stop prices or unemployment going up again.'"

Every negotiator, he said, knew that if the first wage settlements in the current round started well above 10 per cent., that would set the pattern for the whole year.

Once this happened, export prices would go up almost automatically and Britain would become uncompetitive once more. Export orders would be lost to other countries and unemployment would grow even more.

Mr. Callaghan pledged: "I shall do all I can to prevent us following that road, although there are limits to what Government can do unless we can win the battle for public support."

Acknowledging that union negotiators were under great pressure from their members, the Prime Minister reminded them that the Government was under great pressure, too. "The pressure on you is to claim high wages. The pressure on the Government is to keep down inflation and high prices.

"But we share one thing in common. Neither of us is seeking confrontation with the other. We must therefore help each other."

Terry Kirk

Mr. Callaghan spells out his challenge to the party.

Car industry faces challenge

BY IVOR OWEN

MR. CALLAGHAN strongly welcomed the recent decision by the Ford Motor Company to make its next major European investment in Britain. It was without doubt the most important new overseas investment for many years and would have a considerable "ripple" effect.

Recounting a conversation with Mr. Henry Ford, he said the company had asked for two things if it came to Britain—first, good quality in the product and second, continuous working.

"If we answer 'No' to that, then we are cutting our own throats," the Prime Minister stated.

He appealed for co-operation from all sides in the car industry to meet the challenge involved in stepping up overseas sales and maintaining the share of the domestic market. "That applies to Leyland's as well as everybody else. Success here would be the best possible form of job creation."

Urging delegates to realise the scale of the Government's achievements in a situation where it lacked a Parliamentary majority, Mr. Callaghan paid tribute to Mr. David Steel, the Liberal leader, for his contribution to the spirit in which the Lib-Lab pact was being operated.

He assured the conference: "There is no misunderstanding between us. At the next election, whenever that is, we shall fight as an independent party with our own programme and we shall seek from the voters an outright majority at the polls."

Looking ahead to the new Parliamentary session, beginning next month, the Prime Minister announced that the two devolution Bills providing for the establishment of assemblies in Edinburgh and Cardiff would be subject to a Parliamentary guillotine.

This would make sure that the Bills could be properly considered and a conclusion reached.

The Prime Minister did not mention the fact that the Government's first devolution measure was lost through lack of support for a guillotine motion.

He merely commented that the Cabinet expected the new devolution legislation and guillotine to be "fully supported by members of the Parliamentary Labour Party."

Christmas bonus for pensioners demanded

By John Hunt

A RESOLUTION calling on the Government to pay a tax-free Christmas bonus in old-age pensions equivalent to the £10 granted in previous years, was approved by the conference.

The motion, moved by Mr. Jack Jones, general secretary of the Transport and General Workers Union, expressed alarm at the increasing difficulties confronting pensioners and criticised the Government for its failure to keep its promises to them.

In addition, it demanded that pension increases should not be related to estimated future rises in living costs but to increases in the retail price index or the index of industrial earnings over the previous 12 months.

Mr. Jones argued that by using the future estimates, the Government had, on the last occasion, paid married pensioners £1.20 less than they were entitled to and single pensions 80p less.

He urged the Government to establish pensions of at least 50 per cent. of earnings for a married couple and 33⅓ per cent. for single people.

Mr. Darrell Cozens, Coventry South East, called for a minimum of £60 a week for those who were "proud to have worked all their lives."

He complained bitterly that while pensioners were living in misery, company directors were retiring with huge pension payoffs from their Boards, in one case £60,000.

Mr. Jack Ashley, MP for Stoke South, replying for the NEC, maintained that the Government had done much for pensioners and that, in fact, they were now 15 per cent. better off than they were in October, 1973.

But he strongly criticised the Government for basing pensions on future estimated movements in prices. He saw this as yet another reason for giving them the bonus.

He added: "Let us not delude ourselves that the bonus is a substitute for a proper pension. The right way to deal with it is to give a decent, guaranteed inflation-proof pension to all old people."

Tougher powers urged over union recognition

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THE CONFERENCE approved a call for tougher powers for the Advisory, Conciliation and Arbitration Service to investigate employers who refuse to recognise a union.

A debate on trade union rights turned out to be a low-key affair despite the fact that emotive issues were involved, including Grunwick and the High Court action against the Union of Post Office Workers.

There were, however, some warnings to the Government that there would be strong rank and file union opposition to any attempt to regulate by law the number of people allowed on picket lines.

The resolution deplored the fact that workers at Grunwick and in the catering trade were being forced to take industrial action to achieve union recognition. It called on the Government to implement or strengthen legislation against victimisation by employers.

Dispute

The resolution also urged that the Trade Union and Labour Relations Act should be amended to require employers to cooperate with ACAS in any inquiry about complaints over union recognition.

ACAS, it said, should have power to investigate any facet of the employers' business.

In addition, the motion sought legislation to protect the rights of trade unionists to redundancy payments where lay-offs occurred as a result of an industrial dispute.

Moving the resolution, Mr. Norman Stagg, general secretary of the Union of Post Office Workers, complained that the right of his union to take industrial action was unfairly restricted by the Post Office Act and the Telegraph Act.

"We stand before you to-day with our right to strike placed in jeopardy. We can't even take action in our own defence against our own employers. We say that this is an intolerable situation."

Strength

He recalled that the Government was now committed to amending the Post Office Act in the next session of Parliament in order to remove the restrictions on Post Office workers.

But, he said, the union was by no means certain that it would get the changes it was seeking and that was why it was pressing the motion before conference.

Annette Millward, a Wandsworth teacher, warned against attempts to limit picketing.

"We reserve the right of the Labour movement to choose its own weapon. The best we have is solidarity on the picket line. Its numerical strength cannot be arbitrarily limited," she declared.

Miss Rita Stephen, executive secretary of APEX, the union involved in the Grunwick dispute, described the strikers there as "the bravest, the most tenacious and misrepresented trade unionists who ever did a stint on a picket line."

Replying for the NEC, Mr. Russell Tuck, acting general secretary of the National Union of Railwaymen, described Grunwick as a test case.

"We must win for the sake of the millions of other workers. The dispute will find a place in trade union history. Tolpuddle is, in fact, still with us."

Mrs. Thatcher attacked over Rhodesia policy

PLEDGING THAT Labour would continue the fight against "the most reactionary Conservative leadership seen in the House of Commons since the end of the First World War," Mr. Callaghan said that the Tories had an "insatiable craving for power."

"To the Tories, power was a God-given right, to be sought without scruple. Their attitude was to put national interest into suspense whenever a Labour Government was in power, he declared.

Mr. Callaghan said he "deeply regretted" that Mrs. Thatcher should give the impression that the Rhodesian leader, Mr. Ian Smith, could expect a different approach from a future Tory Government.

"These kind of nudges and winks may keep the Stone Age warriors on her backbenches quiet but it is an irresponsible deception of the white Rhodesians and could lead them further along the road to disaster."

The Prime Minister said that the search for racial peace and harmony in southern Africa would seem shallow and hypocritical if tolerance could not be mirrored in Britain.

The Labour movement rejected the philosophy of inferiority from the cradle to the grave, whether in South Africa or Britain. The time was long overdue to speak out.

"We are opposed to racialism. We are opposed to discrimination. The Labour Party will do all in its power to ensure that all our citizens, irrespective of race or creed, enjoy equality of opportunity and equality of protection under the law. On this we cannot compromise," he added.

Debates to-day

Morning: The European Economic Community, including resolutions on the Common Agricultural Policy; railways and transport policy.

Afternoon: The machinery of Government; resolutions on the House of Lords; taxation; further education; pre-school groups.

Benn defends nuclear power industry growth

BY IVOR OWEN

A GROWING role for Britain's nuclear power industry within an integrated energy policy was defended by Mr. Anthony Wedgwood Benn, Energy Secretary.

He joined with trade union leaders in resisting a motion expressing total opposition to the proposed £600m. expansion of the Windscale reprocessing plant and the consequent development of fast breeder reactors.

Mr. Benn assured conference that the problems of safety, environment and nuclear proliferation would be taken seriously.

But it would be wrong to put a stop on the development of Britain's nuclear power industry at a time when so many other countries would have to rely on a major nuclear component to prevent economic growth grinding to a halt.

Renewing his demand for structural change in Britain, Mr. Benn suggested that some of the revenues from North Sea oil should be used for investment on public account or for the extension of public ownership.

This would give a chance for the re-industrialisation and growth needed to provide for the British people the base of manufacturing strength upon which, in the end, their living standards must depend.

During the debate, Mr. Joe Gormley, NUM president, made it clear that the majority of miners did not want to see the Government brought down by a new clash over wages policy.

When the next election came the miners would be fighting for the return of a Labour Government "irrespective of our differences on percentages." The resolution was remitted to the NEC.

Ashley keeps seat on party executive

BY PHILIP RAWSTORNE

MR. JACK ASHLEY, moderate Labour MP for Stoke South, retained his seat on the party's National Executive Committee against a strong Left-wing challenge in yesterday's conference election.

Mr. Ashley, who headed the unsuccessful candidates last year, joined the executive in mid-term after Mr. Michael Foot vacated his seat in the constituency section on his election as deputy leader of the party.

The only new member elected to the NEC yesterday was Mr. A. C. Haddon, of the Boilermakers, who succeeded Mr. John Chalmers.

Mr. Anthony Wedgwood Benn again led the poll in the constituency elections with 501,000 votes. Miss Joan Lestor, this year's party chairman, took second place with 414,000 votes.

The votes for sitting Left-wing MPs were slightly reduced but two other Left-wingers, Mr. Dennis Skinner and Mr. Neil Kinnock, headed the unsuccessful candidates. Mr. Peter Shore, Environment Secretary, ran close behind them, increasing his vote by some 50,000.

In the women's section, Dr. Shirley Summerskill, Home Office Minister, raised her votes by some 350,000, but still narrowly failed to win a place.

Mr. Norman Atkinson, Left-wing MP for Tottenham, was re-elected party treasurer, increasing his vote by nearly 200,000 to defeat Mr. Eric Varley, Industry Secretary, by about 1m. votes.

Mr. Atkinson had the backing of 10 unions and 88 constituency parties. Mr. Varley had the support of four unions and nine parties.

Dr. David Owen, Foreign Secretary, failed in his first attempt to become a member of the executive. He polled 176,000 votes in the constituency section.

Mr. Tom Bradley, Transport Salaried Staffs Association, who headed the trade union division last year, slipped to third place. His place at the top was taken by Mr. Alex Kitson, of the Transport and General Workers.

Members elected with last year's vote in brackets:

Trade union division: Alex Kitson (TGWU) 5,153,000 (5,352,000); William John (AUEW) 5,105,000 (4,711,000); Tom Bradley (TSSA) 5,052,000 (5,586,000); Sam McCluskie (Seamen's Union) 5,007,000 (4,759,000); Russell Tuck (NUR) 4,967,000 (5,153,000); Brian Stanley (Post Office Engineers) 4,955,000 (4,958,000); Walter Padley (USDAW) 4,952,000 (4,841,000); Fred Mulley (APEX) 4,936,000 (4,843,000); Harold Hickling (NUGMW) 4,746,000 (5,478,000); John Forrester (AUEW) 4,214,000 (4,288,000); Eric Williams (NUM) 4,167,000 (3,830,000); and A. C. Hadden (Boilermakers) 3,030,000, who did not contest last year.

Constituency division: Anthony Wedgwood Benn (Bristol SE) 501,000 (527,000); Miss Joan Lestor (Eton and Slough) 414,000 (426,000); Eric Heffer (Walton) 383,000 (393,000); Frank Allaun (Salford E) 353,000 (385,000); Mrs. Barbara Castle (Blackburn) 346,000 (349,000); Ian Mikardo (Bethnal Green and Bow) 303,000 (333,000); and Jack Ashley (Stoke South) 287,000 (248,000).

Women's division: Mrs. Lena Jeger (Holborn and St. Pancras S) 5,291,000 (5,360,000); Mrs. Judith Hart (Lanark) 5,097,000 (5,236,000); Mrs. Shirley Williams (Hertford and Stevenage) 4,416,000 (4,715,000); Mrs. Renée Short (Wolverhampton NE) 3,046,000 (3,660,000); and Miss Joan Maynard (Sheffield Brightside) 3,014,000 (3,450,000).

Socialist, Co-operative and other organisations: John Cartwright (Royal Arsenal) 29,000 (26,000).

Treasurer: Norman Atkinson 3,718,000 (3,523,000).

Premier meets jobs protest

THE PRIME MINISTER, beaming, unconcerned and sporting a red rose in his lapel, ran the gauntlet of scores of shouting "Right to Work" demonstrators as he left the Labour conference yesterday.

Demonstrators, standing behind crash barriers, chanted, "Callaghan, the boss's man. Fight for the right to work" as he strolled to the nearby seafront Grand Hotel in Brighton at the end of the morning session.

RCA seeks ban on Presley long-play disc

A LONDON music company gave a temporary undertaking in the High Court yesterday not to market any more of their successful long-playing records, Elvis Presley: The Sun Years.

The record is alleged to infringe the copyright of RCA, which seeks an injunction banning Charley Music from manufacturing or selling, or authorising the manufacture or sale, of the record in the U.K.

Mr. Richard Scott, QC, for RCA, told Mr. Justice Oliver that it had been agreed to give Charley Music seven days in which to file evidence in reply.

BOC wins Flixborough nitrogen contract

BY OUR CHEMICALS CORRESPONDENT

BOC HAS been awarded a ten-year contract to supply nitrogen to Nypro (U.K.) for its caprolactam plant at Flixborough, Humberside.

The plant is being rebuilt following its destruction in the worst industrial disaster in this country in recent years. In the explosion, which occurred in June 1974, 28 people were killed and many others seriously injured.

As part of the construction programme, a pipeline is to be built from BOC's Scunthorpe works directly to the Flixborough site to supply the nitrogen.

The whole deal involves at least 90,000 tonnes of nitrogen and the ten-year contract is worth in excess of £1.5m. BOC is committing about £½m. to the pipeline project, which should be started this month and completed by April next year.

Pure nitrogen is already supplied to several major chemical manufacturers by pipeline, including BP Chemicals at Grangemouth, ICI, and Runcorn and Monsanto, at Teesside.

New seam saves 530 pit jobs

New coal reserves, likely to produce 300,000 tonnes a year, have saved the jobs of 530 miners at Renishaw Park Colliery, Derbyshire. The pit had been faced with closure because of the exhaustion of supplies.

The miners will move into the new seam next year and a Coal Board spokesman said their jobs appeared secure for several years.

Turkey plant to close

HUNDRED workers will lose their jobs on December 22 when Moss Poultry's turkey processing plant at Boston, Lincs., closes.

The redundancies are because Moss was faced with spending £250,000 to bring the plant into line with new EEC regulations.

Action group sues council

Northampton Industrial Ratepayers Action Group will serve a summons on Northampton Borough Council to-day for the withholding of documents.

Analysts representing the group, which is made up of more than 200 businessmen and monitors local government spending, inspected the council's accounts three months ago. They said that documents to which they were entitled were missing.

Children start £10m. fires

CHILDREN deliberately started fires in England and Wales last year which cost at least £10m., Mr. Charles West, the chairman of the Central Fire Liaison Panel, said in London yesterday.

At least 240 large fires were started deliberately during the year—at a total cost of £29m.—compared with 91 in 1967 at a cost of £3.25m., he said.

Day's end

Five brothers aged from 61 to 73 who have run a family grocery, coal, coach and taxi business at Aldeborough, Norfolk, for more than 50 years, are all retiring. The business, which was started by their father Mr. Bertie Day in 1901, will be run by a new family.

Reform of Lords urged

REFORM of the House of Lords should be a top priority of the next Tory Government, the Conservative Bow Group says in a report to-day.

It calls for the sweeping away of hereditary Peers and their replacement by a largely elected House of Lords.

"No body which is non-elected, insufficiently representative and largely hereditary can, to-day, properly and acceptably act as a second chamber of Government.

"Reform of the House of Lords is inevitable and it is therefore necessary that such reform be carried out by the next Conservative administration, since the most likely alternative is total abolition by a future Labour Government."

£1m. boost

RONAN ENGINEERING, a U.S. company, is to set up a £1m. factory at Washington, Tyne and Wear. The company, which makes monitoring systems, will employ 100.

Avis expands

AVIS Truck Rental will open a £250,000 complex, part of a £1m. expansion scheme, at London's Heathrow Airport to-morrow.

Allowances plea

COUNTY COUNCILLORS in Northamptonshire are to be asked to take a 10 per cent. reduction in attendance allowances to help to implement expenditure cuts totalling £4.5m.

The cuts will affect education, roads and other services.

Challenge to Fleet Street

MR. NORMAN ATKINSON, Labour Party treasurer, yesterday pledged the Labour movement to fight Press barons of Fleet Street through a revamped version of its weekly paper.

The capitalist Press could not be expected to help the Labour movement build a Socialist society. That was "as daft as asking a butcher to edit the Vegetarian News," he said.

Mr. Atkinson, speaking at the party's conference in Brighton, accused the Daily Express, the Daily Mail, the Daily Telegraph and The Sun of being public relations offices for the Conservative Party. They could not be relied on for information about Labour's national executive or the trade union movement.

In a passionate appeal for the party newspaper, Labour Weekly, Mr. Atkinson said: "We are determined to challenge the barons of the Press on their own grounds and we believe we can do it successfully."

He complained that Britain had the oldest Socialist movement but the biggest mass circulation capitalist dailies in Europe. He promised a thorough review of Labour Weekly in a bid to produce a paper that would thrill the movement.

The Management Page

EDITED BY CHRISTOPHER LORENZ

Geoffrey Owen looks at the reasons for Japanese companies' reliance on bank loans and at the advantages which they derive from it

How Japan finances growth

"THE MAIN thing that people in financial circles realise about Japanese companies is the incredible amount of leverage. They are basically trained that that amount of leverage is off the graph. You can't have that much leverage and still be a company. . . If you used standard credit evaluation techniques, you would never make any loans to a Japanese company."

These comments by a New York banker, quoted in a new study of Japanese corporate finance, illustrate one of the most potent sources of misunderstanding and suspicion about Japanese industry. There is a widely held view that the Japanese economy is not run according to normal capitalist principles; that companies are kept afloat by banks and banks are kept afloat by the Government; that neither companies nor banks nor Government are much interested in profitability; and that the over-riding objective is growth, to be achieved in large measure by rapid penetration of export markets.

Dependent

It is perfectly true that Japanese industry has been heavily dependent on bank debt financing and has made little use of the stock market as a source of funds; proceeds from the sale of stock accounted for only 2.3 per cent. of the total funds obtained from all sources between 1964 and 1974. In recent years the ratio of stockholders' equity to total liabilities and capital has been less than 15 per cent., compared with about 50 per cent. in the U.S. But these figures need to be treated with some caution, as the author of the new study, Dr. C. Tait Ratcliffe, explains.

Japan has several accounting peculiarities. One is the allowance of tax-free reserves for special purposes, which has in effect permitted Japanese companies to deduct tax-free sums in addition to retained earnings. When this and other factors are taken into account, Dr. Ratcliffe shows that reliance on internal funds has increased from 23.4 per cent. of total finance to 36.7 per cent. over the past two decades, as a consequence of higher profitability and more liberal provisions for reserves and depreciation. Dependence on external sources has fallen by 14.3 percentage points.

Another point is the absence of any form of inflation accounting, so that increases in the value of plant, equipment and especially land are not fully reflected in balance sheets. With the revaluation of land and an adjustment for trade credits, the stockholders' equity ratio in manufacturing moves from an unadjusted figure of 18 per cent. to about 44 per cent., comparable to the level of most European countries.

As for profitability, Japanese companies generally show a higher return on stockholders' equity than their Western counterparts because of the smaller portion of equity in their financial base. But measured as a percentage of total sales (or total assets), Japanese firms show lower profits because of the higer leverage and the additions to tax-exempt reserves. If tax-exempt reserves are added back to net income after tax, the profitability of Japanese companies rises, as shown in Table I.

Table II shows two other measures which may be more meaningful than accounting profitability as an indicator of the funds generating capability of Japanese firms. The first is cash flow, consisting of retained earnings plus depreciation plus tax-exempt reserves. The second is cash flow plus gross interest paid plus dividends. These figures suggest that Japanese companies have had levels of cash flow comparable to those in the U.S. Table III reinforces this conclusion, showing that the ability of leading Japanese companies to generate profits and payments for financial purposes is often higher than that of their German and American counterparts.

Table I

AFTER-TAX PROFIT AS PERCENTAGE OF SALES

Japan (unadjusted)	4.01
Japan (adjusted)	5.96
U.S.	5.93
West Germany	1.95

Source: MITI and Bank of Japan data, 1973.

Table II

MEASURES OF CASH GENERATING CAPACITY

	Cash flow as % of sales	Cash flow plus interest and dividends as % of sales
Japan	8.5	12.7
U.S.	6.7	10.6
West Germany	5.8	9.1

Source: Based on MITI and Bank of Japan data.

Table III

AFTER-TAX PROFIT PLUS GROSS INTEREST PAYMENTS AS PERCENTAGE OF SALES (1973)

STEEL	
Japan (top three)	12.1
U.S. (U.S. Steel)	5.9
West Germany (Krupp)	5.7
GENERAL MACHINERY	
Japan (Komatsu)	11.4
U.S. (Caterpillar)	8.7
West Germany (Demag)	4.6
ELECTRICAL MACHINERY	
Japan (Top three)	7.2
U.S. (General Electric)	6.2
West Germany (Siemens)	4.5
AUTOMOBILES	
Japan (Top two)	5.3
U.S. (Ford)	4.8
West Germany (Daimler-Benz)	2.4
GENERAL CHEMICALS	
Japan (Top two)	8.5
U.S. (Du Pont)	11.4
West Germany (Bayer)	7.7

Source: MITI.

Why have the Japanese relied so heavily on bank finance? The most important reason has been the strong (and fluctuating) demand for funds throughout the period of exceptionally rapid economic growth. Not only would it have been difficult to mobilise the necessary amounts of capital through the equity and bond markets, but institutional and legal arrangements provided a powerful incentive for companies to turn to the banks.

During most of the post-war period firms have had to issue new shares at par value, which for most companies was Y50 per share; dividends were based on this par value and ranged from 10 to 20 per cent. From the company's point of view the sale of equity was rather like issuing preference stock whose effective cost after tax was between 20 and 40 per cent. This compared with interest rates on borrowings of 8-10 per cent. or less.

Sound reasons

Dr. Ratcliffe argues that there are sound economic reasons why companies "should increase their debt when it is their clear purpose to establish a position in a field which is cash generating in the long term and when the cost of debt on an after-tax basis is sufficiently lower than equity to make a difference to long-run growth potential. Most empirical data indicates this means being no less than number three or four in an industry, with preference for being number one. Increasing the ratio of debt to equity can be justified if being the ultimate intention of establishing such a position. By doing so, firms may establish a more stable long-run position than being concerned about the stockholders' equity ratio."

Japanese steel is the outstanding example of a capital-intensive industry with an enormous demand for external funds, which has achieved declining costs as the scale of facilities was increased. The companies which have grown fastest and have increased their share of total Japanese production, such as Sumitomo and Nippon Kokan, are those with the lowest stockholders' equity ratio.

While the Japanese steelmakers were investing on a massive scale and establishing their cost advantage over the rest of the world, their U.S. competitors were doing little. Was this because the Americans were too concerned with short-term profitability and not sufficiently motivated to go for a position of world leadership, which would lead to greater profitability in the long run?

An interesting contrast is provided by the motor industry and particularly by Toyota and Honda, two companies which were founded by entrepreneurs and which have sought to make themselves independent of outside influences such as the banks. Their stockholders' equity ratio is relatively high by Japanese standards and, after allowance is made for accounting differences, they compare favourably with the leading motor companies in the West.

Just as there has been a cost penalty on companies wishing to raise funds through the stock exchange, so there has been an incentive for individual savers to put most of their money into bank deposits. Interest on savings has been treated more favourably than dividend income; the stock market has had the reputation of being volatile and suitable only for speculators.

For the banks themselves the most profitable form of investment has been to lend their funds to the corporate sector. So a self-reinforcing system has grown up whereby the banks are the primary source of funds to companies and companies have had neither the need nor the motivation to cultivate the individual stockholder. As Dr. Ratcliffe shows, Japanese company reports to shareholders are often extremely vague, "written in about the same spirit as a Christmas greeting card might be in the West"; stockholders' meetings are brief, attended mainly by a few major stockholders and professional bouncers.

Is the dependence on banks a source of strength or weakness? There is a view that Japanese companies have been too much influenced by bankers and that as a result their financial management has been lacking in sophistication. It is also argued that companies with a very low stockholders' equity ratio are insufficiently exposed to the discipline of a market. Mistakes in corporate strategy tend to come out much later than they would if equity were a larger source of funds for corporations.

Shared

Some of these problems, if they are problems, are shared with West Germany, where the level of equity holdings by households is lower than in Japan and there is a similarly close relationship between industry and the banks. It is possible that as Japanese companies become more international and tap new sources of capital in Europe and the U.S., they will adjust their debt-equity ratio closer to that of their European and American counterparts. This tendency will be reinforced if the necessary changes take place within Japan, notably permission for firms to issue equity on a continuing basis at market value and an alteration of the incentives affecting individuals' savings. It will also require a much more active policy on the part of Japanese companies towards shareholder relations.

Japanese Corporate Finance. A business study by International Business Information Inc., published by the Financial Times, price £50 plus postage, available from 10 Bolt Court, London, EC4A 3HL.

65 PENSIONS and BENEFITS

A policy for overseas

BY ERIC SHORT

AS AN increasing number of companies develop their business internationally, so their considerations of employee benefits have to take in the fact that they are no longer limited hy national frontiers. But just as trading and operating conditions vary from country to country, so do attitudes and practices regarding the benefits.

Although this is stating the obvious, for many multinationals it is still customary to issue policy guides on benefit matters, including pensions and death benefits, to all operating affiliates in different countries. Some rompanies still include in this policy details on implementatinn, usually based on the practice in the home country, and this can lead to tronble. For example, in the U.S. the integration of State and occupational pensions is almost universal. In the U.K., trade union hostility by itself ensures that very few pension systems are integrated.

Fortunately, most of the multinationals now ronfine their policy guides in these matters to offering a high level of professional advice, but a good deal less direct instruction. The problems of multinationals fall into two distinct categories—employee benefit provision for the overseas subsidiaries and arrangements for head office personnel doing overseas tours.

The overall aim should he to make benefit schemes comparable with those provided by the better local employer. The multinationals have tended to follow the lead set in the country roncerned and innovation is unusual even from rompanies that are trendsetters back home. The parent is more concerned about the financial implications of employee benefit schemes of overseas subsidiaries, and the greatest degree of influence from beadquarters is exerted towards financial rather than personnel criteria.

As far as individual employees are concerned, the main problem concerning overseas tours is how far he or she should be part of the local scheme and how far he retains the benefits of the parent scheme. The obvious course would appear to be to keep him as far as possible in the home scheme, since this will provide the main henefits, especially the retirement pension. But this is far too simple a view.

The various employee benefit schemes can be major tools in maximising overall remuneration and minimising rorporate tax liability. In countries where there is a high level of State pension, employees from overseas who will be returning should have the minimum involvement in that scheme. But where there is an occupational pension it may be advantageous to receive part of the ultimate pension from an overseas fund, especially if benefits are generous and in a hard currency. The main problem is to avoid overlapping contributions.

Flexible

In this respect, much mnre use is now being made of offshore funds whereby mobile employees can make their own investment or the rompany can invest for them. These arrangements can include pension benefits. Much more use will be made of these vehicles in the future, since they provide a flexible method of saving with ronsiderable tax advantages.

In the U.K. consultants have been expanding their sphere nf operations in order to provide world-wide advice and coverage on employee benefit matters. Some, like Noble Lowndes, bave formed links with overseas employee benefit rompanies. Others have established local branches staffed by local people. A third course is to take on high level executives versed in employee benefits world-wide. Leslie and Godwin has recently acquired the services of Vincent J. Simone who, among other posts, is editor of the International Benefits Information Service (IBIS).

IBIS has become the leading orgaoisation in collecting and disseminating employee benefit information on a world-wide hasis. Its service falls intu twu categories — a monthly newsletter and the provision uf reference manuals.

The reference manuals deal with the situation in major rountries, and covers State social security provision, curreot employee benefit practice, methods of negotiation, methods of financing and so on. Most important, these manuals provide an historical perspective. A knowledge of social security custom and culture is essential in appreciating the general background and likely future developments.

There are other organisations providing similar information. In the U.K. the munthly magazine Benefits International, linked to the Harris Graham employee henefit organisation, contains articles describing the position in various uverseas territuries. Insurope provides a monthly newsletter on employee benefits from Brüssels, dealing not unly with the EEC but with world-wide matters.

Finally, much can he learnt from an interchange of ideas when employee benefit experts meet on an international basis. IBIS holds anual ronferences to provide a forum for discussion and a meeting place for interested persons. This year it was held In London in September and the theme was the role of organised labour in henefit provision. In future, perhaps, because the multinationals bave a much wider view of employee benefit provisioo, they will he taking the lead in overseas countries rather than following current practice.

BUSINESS PROBLEM BY OUR LEGAL STAFF

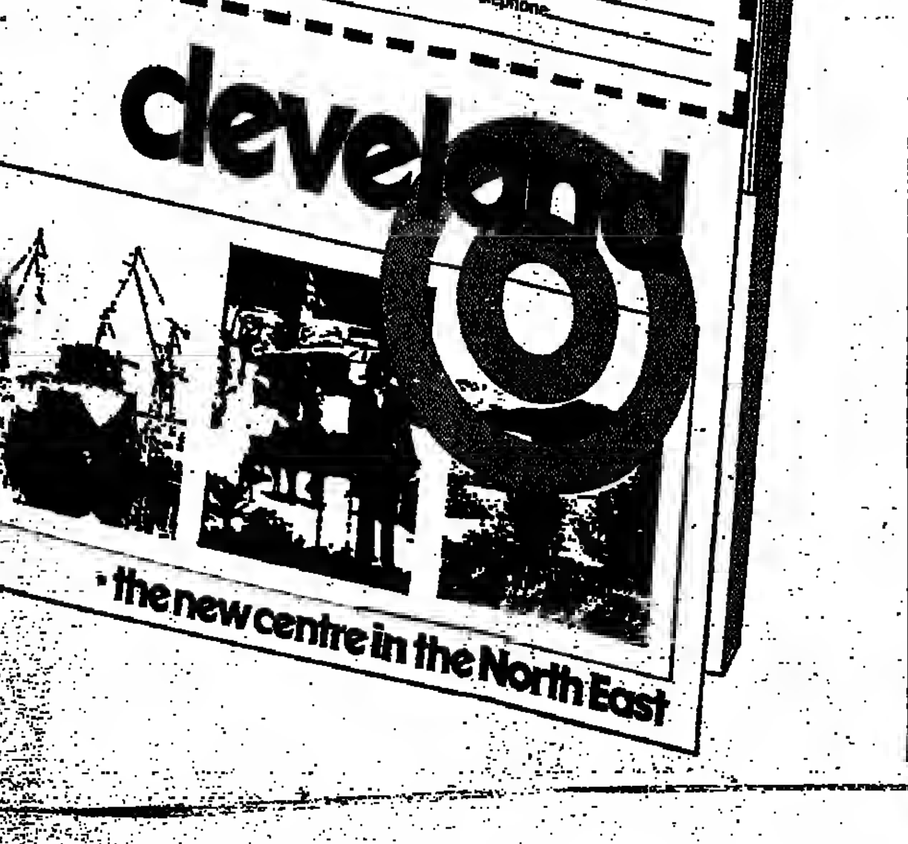
Compensation of a tenant

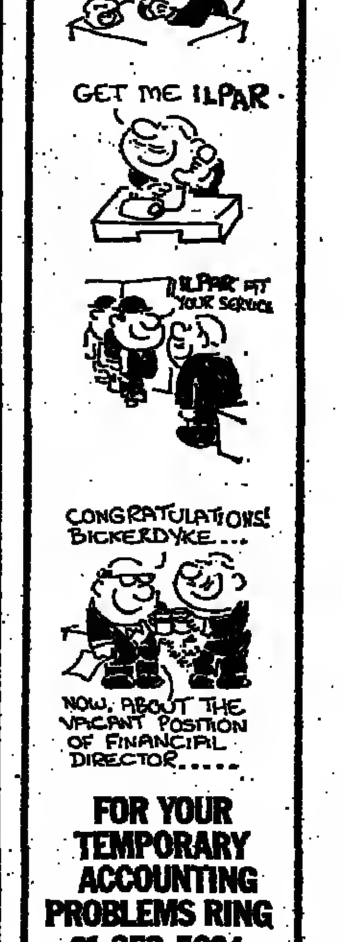
I own an old shop let to a tenant whose 21 year lease ends next year when I wish to ohtain vacant possession in order substantially to reconstruct the property. I believe there is a formula on which to compensate my tenant based on the rateable valne. How does this operate please?

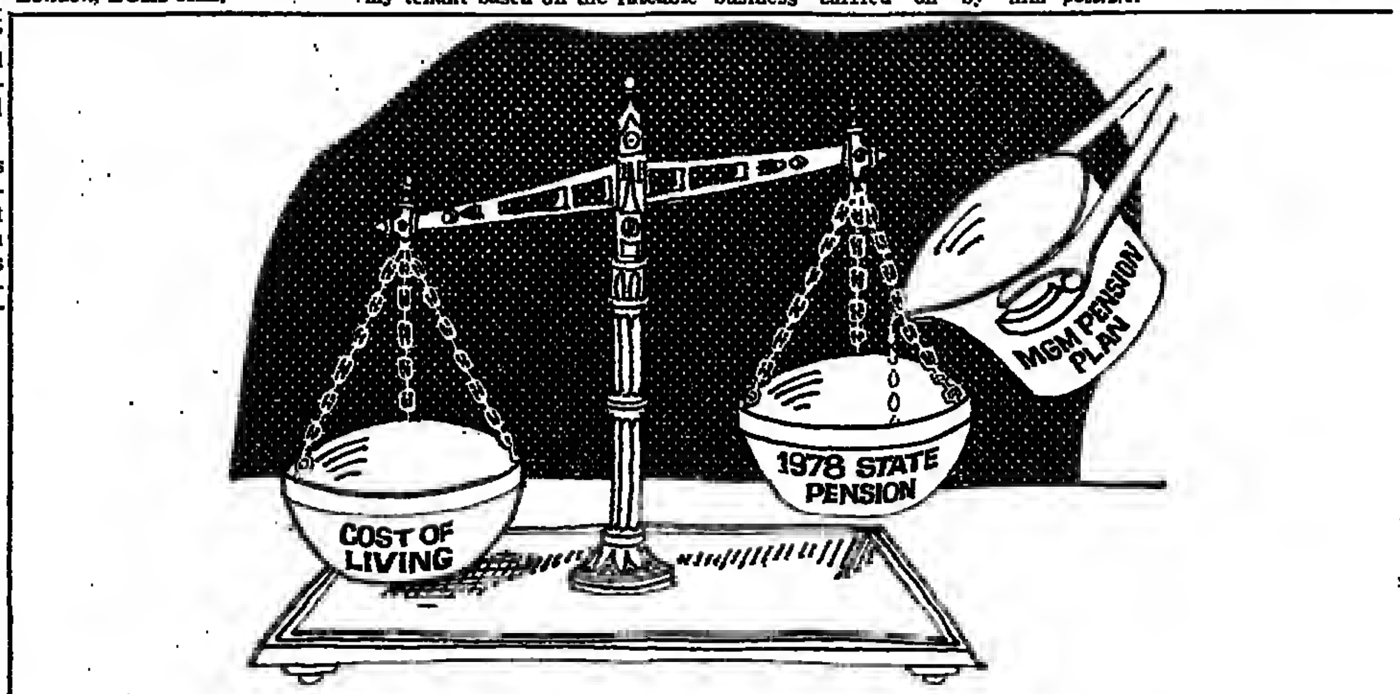
Assuming that the tenancy is a business tenancy, and that the necessary notice to terminate the tenancy under Section 25 and 30 (1) of the Landlord and Tenant Act 1954 is served, the compensation is a sum eqnal to the current rateable value of the demised premises, or twice that sum if the present teoaot has been occupying the demised premises for the purpose of a business carried on by him there during the last 14 years. If the present tenant is a successor to the business of a previous teoant the periods of botb (or all) tenancies may be added together to qualify for the 14 year period.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columos. All inquiries will be answered by post as soon as possible.







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Shipbuilding realities

WHEN THE newly nationalised British Shipbuilders came into existence in July, it had two main priorities. One was to chase after whatever new business was available throughout the world, so as to stave off, for the time being at least, the threat of large-scale redundancies in those yards which were closest to running out of work. The second was to work out a plan for a slimmed-down industry with a capacity more in line with the U.K.'s likely share of a greatly reduced world market. To achieve the first objective British Shipbuilders had to have a subsidy with which to quote competitive prices: that was provided in the form of a so-called intervention fund, amounting to £65m., which received the reluctant approval of the European Commission in August. It appears that a substantial drawing on the fund was necessary in order to clinch the big order from Poland, which was confirmed yesterday.

Restructuring

Clearly the more new business that can be won, even at subsidised prices, the better prospect there will be of handling the reduction of the industry's capacity in an orderly way. But there can be no question of the U.K. keeping all its present capacity intact for an indefinite period. The Commission's approval of the intervention fund was conditional. It required, among other things, that the scheme should be linked with plans for restructuring the industry; the hope in Brussels was that these plans would be worked out by the end of the year. (The intervention fund runs only until March, 1978). In addition, the Commission wanted to be sure that the fund did not prejudice the interests of other member states and that any assistance was given only to yards with a sound long term future, not to permanent pensioners. The Commission can be expected to scrutinise with some care just how the Polish order is shared out among the nationalised yards.

The Polish contract is a welcome boost to the order book, but there is no sign of any marked improvement in the world shipbuilding outlook. Figures presented to OECD shipping experts in Paris last week showed that there was a surplus of between 100m. and 140m. d.w.t. of tanker capacity in the middle of this year and that the surplus of dry bulk cargo ships by 1980 could be as high as 20 per cent. Although the measures of self-restraint imposed by the Japanese shipbuilders (together with the appreciation of the yen) have served to reduce Japan's share of available orders, this is not much consolation to European yards: new shipbuilding nations outside OECD, such as South Korea, Taiwan, Brazil and Yugoslavia, continue to compete aggressively for business. Thus the background against which British Shipbuilders has to plan its future remains bleak.

In the few months since vesting day the management of British Shipbuilders has understandably avoided discussion of rationalisation or compulsory redundancies, preferring to concentrate on the need to improve productivity. But just how commercial will British Shipbuilders be? Will those yards which consistently fail to meet their productivity and profit targets be closed down? Since this did not happen before nationalisation, either under a Labour or a Conservative Government, one cannot help being sceptical about the suggestion that nationalisation will give the industry a more commercial outlook.

Euphoria

As in most other nationalised industries, there is bound to be a conflict between job preservation and the need to raise productivity to an internationally competitive level; the present crisis in world shipbuilding makes the conflict all the more difficult to resolve. Yet the example of British Steel should be a powerful warning. The BSC was prevented from closing down old, inefficient plant by political pressure; thus it was saddled with a cost structure which has led to a financial crisis of alarming dimensions, putting the future of the industry in doubt. Perhaps British Shipbuilders, where the structural problems are less severe than in the case of steel, can avoid these mistakes. But the euphoria created by a few big orders should not distract attention from the painful measures which have to be taken soon.

Revenge is not justice

BY LIBERAL OPINION in the rest of the world the March general elections in India were widely interpreted as a striking demonstration of the proposition that Mrs. Gandhi's prolonged emergency rule had failed to eradicate the ingrained habit of democracy. Mrs. Gandhi earned respect for her decision to go to the polls, at a time when many had already concluded that she was determined to cling to power indefinitely. The Indian electorate earned respect for throwing out Mrs. Gandhi and the Congress Party, and electing in their place the Janata grouping under the leadership of Mr. Morarji Desai.

Since then, however, political developments in India have proved much less edifying. The Janata Government is composed of five factions, which spread so far across the political spectrum that the cabinet has the greatest difficulty in agreeing on policy. In his proposals for banning alcohol and for easing the lot of the untouchables, Mr. Desai has been true to his ethical principles. But in the central area of the formulation of economic policy, the Government has been hamstrung by its internal disagreements.

Turning point

In ordinary circumstances, the government's inertia, which has been compounded by the fact that the defeated Congress Party retains control of the upper house in Delhi, might not be of very great moment. Events do not move fast in India at the best of times. The legacy of the emergency has ensured that these are not ordinary circumstances. The procrastination of the Janata government in developing and carrying through policies which could consolidate its position in the country, has mainly served to give Mrs. Gandhi time to recover from her defeat and make oblique moves back towards the centre of the political arena. The threat of her re-emergence as a real political force to be reckoned with, has provoked a rush of civil and criminal lawsuits against her and her associates. Finally, Mrs. Gandhi has been arrested, and though she was almost immediately released, it is clear that the charges which were levelled at Mrs. Gandhi by her opponents for her conduct during the emergency will now give rise to a series of major political battles in the law courts.

The real cause for anxiety about the legal campaign against the Gandhi set is not merely that it is designed as a public diversion from the serious problems of government, but that it bears all the marks of a political vendetta. Some of the charges which have come out might seem to be little more than technical peccadillos; others are clearly a great more serious. But it should be remembered that Mrs. Gandhi declared the state of emergency after she had been convicted in court of what some might think was a comparatively minor electioneering offence.

Reputation

Until the emergency, the Indian courts had a high reputation for their authority, their independence and their integrity. They will now have a major responsibility for ensuring that any cases are tried with the strictest impartiality. What they cannot do is prevent the government authorities from using the mechanism of the law for a campaign of revenge.

Many people in India suffered under Mrs. Gandhi's emergency rule and it is not inherently implausible to suppose that some of those who benefited from her authoritarian regime did so through corruption or abuse of political power: that is one of the natural by-products of dictatorial regimes. It is not surprising that some of those who suffered, and many of those who were outraged by her actions, should wish to see her punished.

But there is a large distinction to be made between justice and revenge, and where the combatants are politicians and political parties, there is a serious argument for restricting trials to the most serious cases, and letting the rest go. No doubt unsavoury things have been done by politicians of every shade of opinion. But if the Janata leaders set out on a wholesale purge of their opponents, they could do serious damage to the prospects for political stability in India.

Fits and starts in the U.S. recovery

By JUREK MARTIN, U.S. Editor

Mr. Michael Blumenthal: guarded optimism.

ONE SWALLOW, as Mr. Michael Blumenthal would undoubtedly agree, does not a summer make. But one flew into Mr. Blumenthal's Treasury window last Thursday to brighten what has otherwise been an economically wintry summer: the leading economic indicators, which appeared to have fallen by 0.2 per cent. a month from May to July, rose by 0.8 per cent. in August. More than that, the July figure was revised upwards to a 0.2 per cent. gain from a 0.2 per cent. drop, thus banishing the technical cloud which suggests that three consecutive monthly declines or advances in the index presage a fundamental change in economic direction.

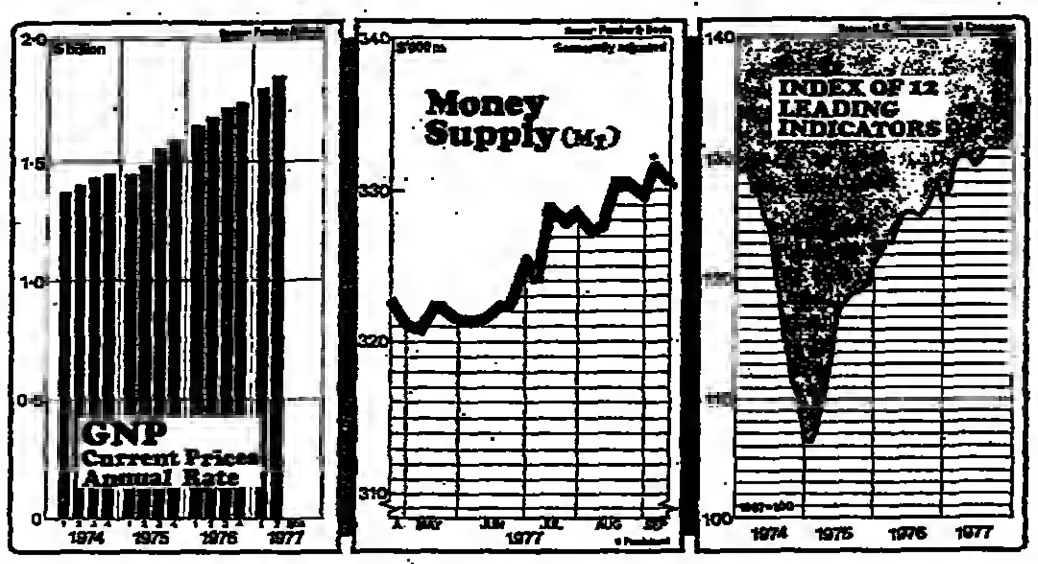
This enabled Mr. Blumenthal and his colleagues to express suitably guarded optimism that the economy was on the right path to sustainable non-inflationary growth and that recent weeks had been little more than a summer lull. Real growth would reach 5 per cent. this year and come close to it in 1978; if this target appeared unattainable, President Carter told the annual meeting of the International Monetary Fund, then action would be taken to ensure it was met. Everybody applauded and resumed the safer pastime of berating the Japanese.

In fact, the state of the U.S. economy was justifiably of underlying concern to the Finance Ministers and central bank governors gathered here in Washington last week. They had arrived here to find the Organisation for Economic Co-operation and Development reinforcing their private fears that the recovery from the 1974-75 recession was running out of steam, especially in Europe, and to discover that all the doubts and uncertainties prevalent elsewhere in the world were to be heard in the U.S., whose economy had been ticking along at comfortably above the global average for most of the year.

What they saw was a nervous stock market, down more than 16 per cent. from the start of the year and at a 21 month low; a crisis in the American metals industry, most notably steel; the appearance that the President's energy programme, much more popular outside the U.S. than inside, was in the process of being decimated by Congress, thus perpetuating continued heavy American purchases of foreign oil, persistent huge payments deficits and implying a weak dollar.

They found, too, a business community, grieving in any case because its friend and arch budget-balancer, Mr. Bert Lance, was no longer in government, muttering about the investment implications of both the energy and promised tax reform proposals and protesting that it could not operate in such a climate of uncertainty: they discovered concern about inflation, made much worse by growing speculation about whether Dr. Arthur Burns was going to leave the Federal Reserve Bank early next year, and also whether he leaves voluntarily or is drummed out by Mr. Carter, a concern exacerbated by great puzzlement over what the Fed's monetary policy is at present.

Simultaneously, they were exposed to the great national debate over growth and the structural problems of unemployment, with many private economists projecting expansion rates appreciably lower than that of the Government; there even appeared to be signs of dissension inside the Administration itself, with at least two Cabinet members (Mr. Ray Marshall of Labour and Mrs. Juanita Kreps of Commerce) openly wondering whether more should not be done than was being planned. And had they strayed outside the comfortable confines of the Sheraton Park Hotel, the Finance Ministers would have seen at first hand that more than half Washington's young blacks were out of work and grumbling and could only have asked themselves how long President Carter, a man known to value his relationship with minorities, could allow this to continue.



All the economic statistics bear testament to the murky economic waters. On the positive side, the rate of inflation has obviously abated: consumer prices in the three months until August were rising at an annual rate of little over 5 per cent., half the pace of the first quarter of the year, and seemed set fair for stability, with good harvests promised but with marginal increases in food prices. Consumer spending, which sagged a little in the early summer, has picked up well, with car sales leading the way. The housing industry continued to build at a solid pace: housing starts in August exceeding 2m. units at an annual rate for the second month in a row.

On the other side, there is no doubt that the economy has slowed down appreciably from the heady 7.5 and 6.1 per cent. advances, at annual rates, recorded in the first and second quarters respectively. Unemployment, which came down dramatically at the start of the year, has inched back up to 7.1 per cent., with no impact yet felt from the $4bn. public works job programme that started taking effect in August. Nor does there appear to be any immediate correction of the strange phenomenon whereby both federal and state governments are spending less than they are authorised to do. Industrial production suddenly dropped 0.5 per cent. in August.

Interest rates have been edging upwards, with the prime lending rate at 7¾ per cent. and the Fed pushing up its market intervention rate in the midst of money supply figures which have grown and contracted wildly from week to week. Some New York brokers have begun to refer to the Fed's "weekly knee jerk," the Joint Economic Committee of Congress has roundly criticised the Fed's conduct of monetary policy and Dr. Burns and his colleagues have had to go to great lengths to assure that the short term bulges do not mean any departure from the proclaimed policies of caution and progressively bringing the money supply under a degree of control consistent with the demands of fighting inflation. But the jury, both in the New York markets and elsewhere, is becoming increasingly sceptical.

The most sceptical of all is the business community. By international standards, American corporations have been investing at an adequate rate this year, 8 per cent. more in 1977 than 1976, acording to the latest Government estimates—and more, in the opinion of some private surveys. Corporate profits have generally done well, in spite of sectoral weaknesses such as steel. Bond financing has proceeded apace, and only the most hardened pessimists express fears that corporations may be "crowded out" of the credit market.

Indeed, sweetening the pot for business, it appears very probable that President Carter's tax reform proposals, whose presentation has now been delayed, will include a net $5-7bn. off corporate levies. And yet the business community remains dissatisfied. President Carter, who pays great attention to corporate sensibilities, entertained 10 prominent businessmen in the White House the other day and they emerged giving warnings about the inflationary danger of too much growth (they preferred 3½ per cent. per annum in real terms), muttering about balancing the budget, and—while simultaneously averring that they thought the economy was healthy—complaining about the uncertainties surrounding the Administration's economic policies, its energy programme, its tax reform and its "stifling array of environmental, safety, employment and product regulations." All, they implied, mitigated against the right climate for investment.

Now, another Democratic president might well have been tempted to send a delegation of generally conservative executives packing, saying that he had heard all the complaints before—which, in this case, is perfectly true. President Carter is capable of such dismissive action. After all, just two months ago he rejected the criticisms of black leaders of his Administration on the grounds of demagoguery, until, more recently, he discovered the true extent of minority unemployment. But though he has from time to time taken exception to particular arguments advanced by business (on the Energy Bill, for example, and on the proposed Consumer Protection Agency) when he enters the realms of macro-economics his own innate conservatism appears to assert itself.

The pressures on Mr. Carter to liberalise economic policy are nonetheless greater now than they were. Mr. Lance's departure has deprived him of a conservative buttress: the blacks have a case, and he knows it: so, on the other side, does Mrs. Kreps, who is pushing a proposal for a special investment credit for 1978, and Mr. Marshall, who wants more targeted unemployment programmes and more spending as a result. And so, too, does the congressional Democratic hierarchy, who have never liked Mr. Carter's obsession with balanced budgets and who have mid-term elections to think of next year. All know that Mr. Carter can be persuaded to change his mind under the weight of arguments from Right and Left—as he did over the income-tax rebate on the one hand and an increase in the minimum wage on the other.

As Mr. Blumenthal told the IMF last week, there are arguments against stimulus over and beyond the Administration's general belief that no change in basic economic policy is justified. The trade and current account deficits—which this year will be in the $26-30bn. and $16-20bn. range respectively and which will not improve much next year—pose obvious political problems. A higher level of domestic demand can only produce a higher level of imports of both consumer products and oil (especially if the energy programme is materially weakened) and will inevitably lead to mounting pressure for protectionist legislation. So far, in spite of scant improvement in the unemployment rate, the Administration has been able to contain this threat, but two recent events—the closure of the major steel mill in Youngstown, Ohio, and Zenith's decision to cut back colour television production in the U.S. by a quarter—illustrate exactly how sensitive the problem is. Even Mr. Blumenthal was obliged to refer last week to "justifiable" demands for protection against imports. With the projected growth rate unlikely to bring unemployment down rapidly for the next 18 months, "justifiable" could become "irresistible."

The state of the economy is, therefore, presently being buffeted by any number of cross-currents: nobody disputes that there has been a substantial recovery over the last two years, but it has been a recovery marked by bigger hills and valleys than in the past and subject to persistent structural difficulties (such as unemployment). Many of the uncertainties voiced about the economy now were heard in greater volume a year ago, when the celebrated "pause" had taken hold and when the country was in the throes of a presidential election: this year's "lull" does not appear to have been as serious as last year's "pause," but that has had no effect on the tide of concern.

One observer, at last week's IMF meeting was Mr. Edwin H. Yeo, now a senior vice-president of the First National Bank of Chicago, the man once irreverently known as "Easy Money Ed," for the role he played, as Treasury Under-secretary, in the negotiations leading up to Britain's loan from the IMF. He said there was not much wrong with the economy *per se*, likening it to a man who has reached middle age but who is showing none of the typical signs of economic cardiac arrest, such as heavy speculation, shortages of basic commodities and excess inventory accumulation. What did worry him was that, in an age of reduced expectations, the public was being led to expect too much and rhetoric was getting out of hand: the end product, he seemed to fear, would be a crisis of confidence and belief in the system. He was certainly right about the rhetoric.

MEN AND MATTERS

He even wrote the words

OUTSIDE, the grey sea roared and the wind whistled through the spars of Brighton's elegant domed piers. But inside not a murmur of dissent marred Jim Callaghan's keynote speech. "Best for 20 years." Tribunite Eric Heffer told me afterwards. "Well-delivered and constructed, struck the right moral tone," echoed another left-winger, Brian Sedgemore.

There were more waspish words, of course: "He didn't inspire me at *all*—he only waxed lyrical once, and that was over wage restraint," said Barbara Castle. "Of course, no one complained, we've all got to shut up for a year or so—otherwise we'll be apologising in Opposition for the next ten years," said Neil Kinnock. I thought that came closest to the truth.

I bumped into Tom McNally, Callaghan's political adviser on the promenade after the speech and asked him point-blank who had actually written it. "Why do you ask?" he inquired suspiciously, before insisting that it was all done by Jim's fair hand.

The world as described by Jim is that inhabited by "this great movement" which in spite of being in a minority had "consigned the agricultural tied cottage to the history books," had protected employment, taken measures against dumping, reduced mortgage three times, brought about a financial—how Jim stressed that—recovery and was now about to reap the enormous benefits of North Sea oil and gas. It was all pretty predictable stuff, laced with attacks on Mrs. Thatcher and racism. As for the timing of the election, whose looming presence is never far away from the proceedings here, he fully endorsed "both the authorised and revised versions" put forward by Denis Healey yesterday—that is to say if it isn't next year, it will be the year after.

The important point he underlined was to keep wage increases and inflation down, win the election and deprive the Tories of the chance to reap where Labour has sown. Otherwise Britain would be in for a boom whose benefits would only be enjoyed by a privileged few—like Michael Caine. Like who? I asked mystified. Michael Caine, came back the reply from the delegate at my side. So he's the new bogey man of capitalism, I thought to myself. It's amazing what you learn at party conferences.

Chairman's choice

Running a big show like this is no easy job, not made any easier by chairman Joan Lestor's vague indications to those lucky enough to have caught her eye. "You over there with the order paper—no, not you, the other handsome one," is a typical example of the Lestor style. But she got into a bit of trouble yesterday during the debate on energy policy. The Stevenage constituency delegate got up a point of order and accused her directly of unfairness, for having chosen a selection of pro-nuclear union men to speak on the energy debate. He certainly had a point; and the clear impression left by some of the engineering union men was that all that counted in the great nuclear debate was the employment of their members and that they alone were the arbitraters and defenders of nuclear safety.

But the pressures changed in the afternoon session, where all press and guests were rigidly excluded for a secret session to discuss MP re-selection and other delicate internal party matters. Traditionally, however, secret sessions are those which give the most news. As party secretary Ron Hayward recalled last year, the microphones were kept on so loud that all the press had to do was sit outside in the sun and take it all in. It's not the same this year. The conference centre is soundproof. And outside it's blowing up a gale.

"There will be nothing left for us to promise next week!"

Norman's hobbyhorse

Norman Atkinson was obviously flushed with success after having been re-elected as Treasurer with a doubled majority—around 1m. votes more than his rival Eric Varley. He celebrated with a wild attack on the coverage by us running dogs of the capitalist Press. It was like putting a vegetarian in a butcher's shop to expect fair treatment from Fleet Street, he said. In the end, however, his pure soap box oratory about the scandalous absence of a viable left-wing daily in Britain and his description of the virtues of his own "marvellous and magnificent socialist weekly" proved too much even for Joan Lestor, who sat him down with a heavily sarcastic: "Thank you Norman. I think we've got the message."

Queen and cult

A special Danish edition of 1,500 numbered copies of the late Professor Tolkien's *The Fellowship of the Ring* has sold out in Copenhagen before publication day, although the price is a fairly steep Danish Kr. 995 (over £90). The special attraction is some 80 illustrations by the hand of Ingahild Grathmar, a pseudonym for Margrethe Alexandrine Thorhildur Ingrid, more commonly known as Queen Margrethe II of Denmark.

The drawings were made by the Queen some years ago and sent to Professor Tolkien, with whom she was in correspondence. A Danish publisher, Jokum Smith, learned about the drawings in 1975 from a member of Folio Society in London. He quickly established contact with the Queen, who agreed to his plan for a special edition illustrated by the royal hand.

Think of a number

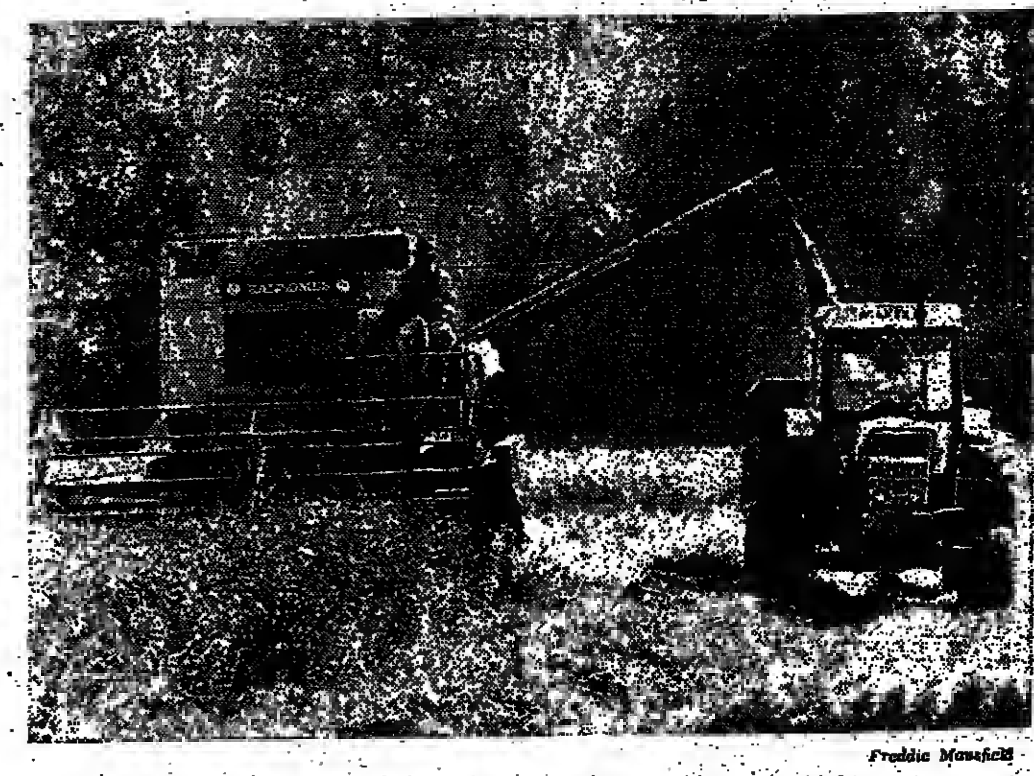
Supposing you wanted to send a telex message to a government ministry in Moscow—or to Mr. Brezhnev, for that matter—and didn't know the number. The obvious answer to the problem seems that you should call telex inquiries and ask them. But it is not so simple as that—the Post Office does have a book, all in romanised Russian, giving Soviet telex numbers; but it can't read it.

The man at Telex Inquiries is sympathetic and friendly: "I don't like putting you off," he says. "But the Russian directory is dreadful. We don't know the words." There is a solution, if you persist—the Post Office rings up the Soviet embassy in London, which then reads out, letter for letter, the romanised spelling in Russian for the long-sought address. Then Telex Inquiries looks that up and calls you back.

Observer

Harvest home after the wet

BY JOHN CHERRINGTON, Agriculture Correspondent


Freddie Mansfield
Harvest time on John Cherrington's farm.

THE FARMING year traditionally ends with the harvest in September and like the 12 months which preceded it, the 1977 harvest has been difficult, frustrating and, in the end, surprisingly heavy. The present estimate by merchants and the Ministry of Agriculture put the total yield at about 16½m. tonnes of wheat, barley and oats, about 3m. tonnes up on the estimate of last year, when the harvest was severely affected by the drought.

Many different interests have claimed the credit for the increased yields, which would certainly have been even higher had it not been affected by weather losses: the plant breeders and seedsmen who are always striving for perfection, the chemical companies who supply the fertilisers and the prophylactics against every disease known and imagined, the pundits who have designed complicated systems of monitoring and nurturing crops right through their growing season, and of course the farmers who followed some or all of the many recommendations on offer.

But in reality it was none of these things. It was the season. And it was the worst growing season that I can remember. The autumn was as wet as most of the spring. All crops were planted under bad conditions, and some of the autumn-sown wheat looked so bad in the spring that in many cases it should have been ploughed up and replanted. However, soil conditions precluded that.

The summer was cold and sunless, and this usually means that the harvest will be a light one. Hot sun in July and August is traditionally supposed to bring a heavy wheat yield. In fact, I think the cool weather delayed maturity to an amazing extent and restricted the development of the diseases which usually damage potential yields.

Whatever the reason, all the grain growers I know, whether they followed the latest notions or simply muddled along by rule of thumb, managed to get a yield which exceeded their wildest expectations. Indeed it is possible that the final outturn will be even higher than the 16.5m. tonnes estimated. But these record yields—and they have been records in much of the south of England—are tempered by the fact that the quality of much of the grain is extremely bad. Grain harvested in July, mainly winter barley, was secured in good condition, but amounted only to about 10 per cent. of the total crop. Fields harvested in the intervals between the August rains and in the better weather in September suffered badly. Some crops were laid—that is beaten down to ground level—and in some cases were smothered by weeds. Even much of what remained standing, which was surprising considering the conditions, was subject to various degrees of sprouting.

Green shoots

Sprouting in this sense means that the grain, which is often hardly ripe, begins to germinate in the humid conditions. Sometimes it grows quite long green shoots. It is possible to come across fields where these green shoots will cover the ears of the standing corn. Most are not as bad as that, and on examining a sample, only about 10 to 15 per cent. will show visible sprouts.

But a large proportion of other grain which still looks sound to the naked eye or the magnifying glass, has begun the sprouting process. Then even if the weather turns fine and the grain dries and is harvested in apparently good condition, it has lost its growth potential.

It is impossible to determine the degree of sprouting by visual means alone, and all grain needed for the higher value uses such as seed, flour-milling or malting has to pass a properly controlled germination test. Even after these tests, many deliveries have been rejected as not being up to sample.

From my own experience this year I found that barley was the worst affected by this concealed sprouting. One field which showed no visible signs of sprouting, produced grain which shows no germination at all.

These conditions have applied in varying degrees from the Humber southwards. North of this line, including Scotland, harvests have been reportedly good and secured in good condition. This means that the supply of grain for specialised uses such as malting and seed, is probably sufficient for requirements although it could involve heavy transport charges to replace local supplies. Seed merchants have also managed to secure from the EEC Commission a derogation reducing the minimum germination percentage of seed wheat from 85 per cent. to 80 per cent. until November 15, so supplies of seed should be available to meet all requirements.

For milling wheat the outlook for the proportion of English supplies in the grist is bleak. Flour millers usually use English wheat for about 40 per cent. of their produce, the balance being hard wheat from America and France. Supplies are in any case limited by the fact that much of the acreage of wheat planted is non-millable. One variety, Maris Huntsman, took an estimated 35-40 per cent. of the market for seed last year. Of the remaining wheats grown, the specialised milling wheats this year are very poor in protein and other qualities. U.K. millers who have been taking an increasing quantity of British grain in the past years will have to return to foreign wheat, which of course will cost considerably more than U.K. wheat because of the Community's levies on imports.

It is probable that of the 16½m.-tonne harvest, only some 5m. tonnes of wheat and barley altogether will go for human and industrial consumption, leaving a balance of 11m. tonnes for animal feed and seed. This is more than the quantity of grain used in animal feeding annually in the U.K. In past years this animal feed has been made up largely from imported material, mainly maize, seed wheat and other grains. In theory there should be no need to import any feed grain at all, but some maize has to be imported for specialised feeds for poultry, and many compounders have covered their requirements for several months ahead with imported grain to guard against a possible shortage of the U.K. crop. It is also probable that with so much of the grain of poor quality, the manufacturers of specialised seeds will still seek imported grain. At the same time, exports of U.K. grain will be difficult because of good harvests elsewhere.

The result of this is that most farmers have considerable quantities of unsold grain. Grain prices are supported under the EEC rules by a system of intervention buying. That is a guaranteed price which rises monthly for sound grain delivered to an intervention store. The intervention price for barley and seed wheat for instance for October is £66.88 per tonne delivered to an intervention store. Any farmer or merchant can offer barley or wheat for intervention in lots of 100 tonnes. It is estimated that the cost of putting this grain into one of these stores will be approximately £3 a tonne. Therefore the minimum farm price at the moment is about £63 per tonne for barley and slightly more for wheat which has a higher seed value.

Cheaper prices

Livestock farmers, of course, have benefited from this abundance of grain and cheaper prices, especially those who buy the materials to mix themselves. So far, the compounders have not followed the fall in grain and protein prices to match market levels, probably because they have considerable stocks of expensively bought grain. But though the relief for pig and poultry farmers, particularly the former, is considerable, demand is unlikely to rise significantly to absorb the extra supply of grain.

This is partly because pig herds have been reduced to their lowest level for some years and although probably no longer falling cannot be expanded rapidly for at least another 12 months. Poultry and egg production are about at their highest level, and there is little scope for expansion unless prices of the final products can be significantly reduced.

Dairy, beef and sheep farmers have had the best season for securing supplies of hay, silage and grass that they have had for years, and demands for compound and cereal feeding stuffs are bound to be limited because of the availability of these cheaper supplies. Therefore at the moment the prospect of disposing of the harvest at anything more than intervention levels is not encouraging. But this should not mean disaster for growers. In many cases the heaviest yields were of low quality grain and were far heavier than would normally be expected. What matters is a good return per acre, and in this respect the harvest has been so far above expectations that the actual return will be probably satisfactory.

But spectacular though the harvest is, sales of grain only represent about 12 per cent. of the output of British farms, as against around 70 per cent. for livestock products. This incidentally is approximately in the same proportion as in other EEC countries.

For the livestock farmer, too, it has been in many respects a good year. The good hay and silage crops have led to the virtual collapse of the market for hay and straw and a booming one for store cattle and sheep. Farmers faced with stockless fields full of grass or barns full of fodder with no stock to eat them have an almost overwhelming urge to go out and buy animals. Grass of course cannot be stored and will soon deteriorate in the autumn and winter weather, but hay and silage can be kept for several years if necessary. But it has all cost money to grow and farmers are going to cash it if they can.

Milk production is at an all-time high and likely to reach even higher levels. Milk will have cost farmers less to produce and costs for this winter look to be more moderate than they have been for some time past. Dairy farmers are always moaning about something or other—probably because milking cows, like building motor cars, is a dull repetitive job. My feeling is that they have little to moan about at present.

For the rest of the arable sector, yields of potatoes and sugar beet look like returning to normal or even better. Beet growers have a guaranteed EEC price but for potatoes the drop in price between last year and this has been pretty sharp from £160 to about £40 per tonne. Growers are also faced with the possibility of Community imports and great difficulty in persuading customers to buy potatoes on the scale they did before the thin crop of the last two years.

British farming has been traditionally like a see-saw. When the arable side is prosperous, livestock men are under pressure and vice-versa. It used to be described as "up horn, down corn." For the past few years corn has been uppermost, with the result that there has been a vast increase of investment in the arable sector, but 1977 could signal a sudden reversal of this balance.

Letters to the Editor

Sharing the profits

From Mr. B. Cole

Sir,—Mr. Greenhill (September 30) supports the suggestion that profit-sharing by employee share ownership should be encouraged by tax incentives. The arguments in favour of this proposal are seldom clearly expressed and seem to rely largely on faith and some usually exaggerated parallels with the experience of other countries, especially the U.S. Objections to the idea can be expressed briefly and factually.

Equity shareholdings are not a suitable investment for the small saver: the Financial Times Industrial Ordinary Index fell by about 80 per cent. in real terms between 1972 and 1975, and it is still not much above half the level maintained from 1960-73. If savings are held in shares, the saver's employer is not a prudent share to hold—think of the Rolls-Royce collapse. Savings should surely give security against the failure of one's employer. A large proportion of the nation would be excluded by the nature of their jobs from participation in such schemes. The tax benefit would therefore arbitrarily exclude many workers, who are not necessarily less productive than others who would be included.

This whole subject is confused by the frequently inexact use of the term "profit sharing," which need have nothing to do with employee shareholding. Perhaps it would be educationally beneficial for more employees to have their incomes linked more directly to their productivity (of which profit is only one measure, often not the most suitable). There may also be a case in some companies for increasing the employees' share of the added value created by them in the company's activities. This has nothing to do with share ownership, and needs no tax incentive.

Share schemes have existed in the U.K. for many years, and companies are still introducing new schemes now. The present tax laws already provide sufficient benefit for these schemes to be attractive to the employees. Present shareholders are unlikely to get any tax incentive to persuade them to accept a scheme; they have to be convinced that the motivational effect will be worth while.

There is no reason to think that such a tax incentive would have any useful effect. Our tax system is generally agreed to be too complicated already; let us not add unnecessarily to the burden.

B. A. Cole.
Drake Wood,
Devonshire Avenue,
Amersham, Bucks.

Social security benefits

From Mr. S. Smith

Sir,—In your editorial of September 30 it was proposed that public debate on the social security system should be focused on questions such as the consequences of "belief in the proper rate of benefit" (referring to supplementary benefits) and thus the moral issues supporting the present expenditure. It is a relief to hear a call to discuss the basic premises and not an attempt to avoid them by masks of "economic necessity."

It is to be assumed that there is no basic contention as to whether there should be relief for the poorest of our community. The principle has been in operation since 1598, even Churchill in 1906 appealed for "a line below which we will not allow persons to live and labour," and the Beveridge Report was a bestseller in 1942.

"The real problem" as presented in the editorial, "is the growing total size of the social security system." As there is no mention of the numbers of claimants involved, it is to be assumed we are talking of "size" in financial terms. Why is this a problem any more than the growing total size of tax collected, the growing total size of the insurance contributions, the growing total size of wages or the growing total size of standards of living? As mentioned in the editorial, when taking the example of supplementary benefits, there has been no change in size relative to the average wage. What was proposed then is that supplementary benefits' claimants (65 per cent. of whom are the sick and aged—see Financial Times September 27) should lose their position relative to average wages and be reduced to a level founded on Rowntree's conception of a minimum subsistence level (which when taken up by Beveridge was meant to be primarily and usually supplied through insurance).

Surely, only people with job-security, or financial security of various other kinds, would begrudge the sick and the aged their level of 35-40 per cent. of the average wage. Imagine living on less than half your present income!

It is to be hoped that increased public debate on these basic moral issues will lead to a wider understanding and acceptance of this very English tradition.

S. R. B. Smith.
20, Highgate West Hill, N.6.

In love with an Old Master

From Carol Cattley.

Sir,—I find it amazing that in discussing "the environmental factor" in your supplement to-day on office equipment, William Cochrane makes no mention of art. Colour schemes and potted plants are talked about, but why not include one of the simplest and cheapest ways of both giving pleasure and lending an air of distinction to an office?

It is now widely accepted that pictures can play a wider role than just adorning the chairman's quarters. For example a survey conducted the other day at Bristol Polytechnic revealed that 84 per cent. of the firms interviewed were in favour of hanging pictures throughout their buildings. The views of the trade union officials who were canvassed were also enthusiastic.

I recently sent a questionnaire to 1,500 companies on the subject of "pictures in industry." As I expected, 75 per cent. of the respondents had works of art in the offices of directors and senior personnel, while only 30 per cent. of secretaries could look at pictures. But your secretary may secretly be in love with an Old Master. So why not let her keep an eye on him all day?

Carol Cattley.
The Goodwill Art Service,
28, Shelton Street,
Covent Garden, W.C.2.

Tax on gifts

From Mr. T. Kent.

Sir,—Your legal correspondent "Justinian" is grossly biased in relation to the Packer affair, but in his article "Cricketing benefits and the Revenue" he is positively misleading.

He makes much of a recent case heard at first instance before Mr. Justice Templeman concerning a firm of estate agents, from which he draws startling conclusions for cricketers, but all the while he ignores the House of Lords decision in Seymour v. Reed [1927] AC 554, which was specifically concerned with a county cricketer's benefit and which held it to be non-taxable. The position was clearly stated by the Lord Chancellor, Viscount Cave (at p. 559) when he explained that taxable payments did not include "a mere gift or present (such as a testimonial) which is made to him on personal grounds and not by way of payment for his services." Later he added (p. 560) that "those subscriptions which are the spontaneous gift of members of the public, are plainly not income or taxable as such. . ."

An immediate retraction by "Justinian" is called for.

T. A. Kent.
Aldermary House,
Queen Street, E.C.4.

Cricketing benefits

From Mr. M. Glyn.

Sir,—I was very interested in Justinian's article on "Cricketing benefits and the Revenue" (October 3) but I think that he is not correct in postulating this problem as a threat to modern cricketers.

I am not a lawyer and therefore have no reference books, but if Justinian will consult the reference books he will find that way back in the 1920s or 1930s a Kent cricketer, James Seymour, was given a benefit, and because he was a popular player, the response from collections on the Kent grounds was quite substantial. The Inland Revenue sought to tax this benefit money. Seymour had the courage to fight back. The case went to the High Court and the Appeal Court, and the Inland Revenue was defeated. I think this judgment still stands.

M. Glyn.
10, West Heath Court,
North End Road, N.W.11.

Justinian is not unaware of the decision in Seymour v. Reed but for reasons too lengthy to give thinks that decision is entirely distinguishable. Justinian still thinks he is right.

Never a winner

From Mr. J. Sutcliffe

Sir,—I have been following with interest the recent correspondence regarding premium bond prizes and particularly the assurance by the director of savings (September 24) that it is impossible for a valid bond number to be left out of the draw.

Can he, however, assure me that all those of Ernie's generated numbers which have to be rejected because they have previously been cashed are in fact genuine rejects and that no valid bond numbers have inadvertently been removed from the list of winners?

I have built up a modest holding over a period of 20 years and have never yet received one prize of any denomination. My earliest bond number begins CB 1......... and if, one month, I could but see even these first three letters and figure in the lists, my faith in Mr. J. Littlewood's external checks would be stronger.

I feel that a weekly stake with his Liverpool-based namesake would have paid a better dividend.

James H. Sutcliffe.
30, Sinai Road,
Wilmslow, Cheshire.

Results of a lottery

From Mr. E. Bateman.

Sir,—Twenty years ago, when I was pondering the merit and morality of what my father-in-law called "those gambling bonds," I read a column by G. L. Schwartz a five-star financial writer of the period. He told of a Frenchman whose inherited lottery ticket won the big prize; instead of the chateau and vineyard dreamed of by his grandfather seventy years earlier, the winner could only buy a bottle of plonk. This cautionary tale decided me to renounce the casino society and stick to the stock market where profits are not randomly dispensed by chance.

E. Hugh Bateman.
Sandyridge Cottage,
Upper Bourne, Farnham, Surrey.

Compulsory seat belts

From Councillor W. Shepherd.

Sir,—The Government has chosen an unfortunate moment to seek to introduce compulsory wearing of seat belts into Ulster, for the Swiss have just thrown out a 2½-year-old order on mandatory use. I use the word "seek" since, in my view, the Government has no power to introduce such a ban. According to the Tages Anzeiger (Zurich, September 6 edition) the Swiss Federal Appeal Court allowed the appeal of a Wallis motorist who had been fined for refusing to wear a seat belt, and thus effectively put the kybosh on any further police prosecution: editorial comment declared, with commendable brevity, "Consternation in the Federal Parliament."

Public opinion over there is just as much divided on the issue as over here, with possibly the same balance—officials want a ban, the public do not. Fortunately the Helvetian Republic has its own John Hampdens. I have yet to receive from my legal friends an official transcript of the proceedings (I apologise if I have been overtaken by events) and as the court sat in camera the Swiss Press made assumptions as to the reasons for the decision: according to one Swiss newspaper there was an "inadmissible limitation of personal freedom . . ." The Tages Anzeiger considered that this was just the kind of issue that ought to be settled by referendum, and since referenda have — hesitantly — been introduced over here, this could well be a choice of subject to settle whether or not Mrs. Thatcher is talking nonsense.

If the people were consulted on this seat-belt question I believe many MP members of the compulsion lobby would get a severe shock: perhaps this is why so many of them profess to be averse to referenda, and tell us to "belt up."

W. F. Shepherd.
4, Asher Reeds,
Langton Green, Kent.

Information for investors

From Mr. F. Smith.

Sir,—I am sure the small investor would appreciate more consideration from the directors of the companies in which they invest.

Wishing to arrange dividend payment direct to my bank I could not find the company address on the share certificates or purchase documents.

It also is the custom to ask voters to appoint directors by postal vote without giving their past attendance record, ability, age and experience or salary.

New investors, especially, would find such information most useful.

Francis W. Smith.
11, Chapel Knapp, Gastard,
Corsham, Wilts.

To-day's Events

GENERAL

Labour Party Conference continues, Brighton.

First meeting of panel of senior academic economists, formed by the Bank of England, in talks with senior officials of the Bank, to discuss setting up a series of regular meetings — Mr. Gordon Richardson, Governor, expected to attend.

Two-day meeting of Commission of Ethical Practices opens in Paris under the chairmanship of Lord Shawcross with expected debate on revised and simplified draft code of business conduct.

Energy Ministers of Western countries to discuss major programme of energy conservation measures at International Energy Agency meeting in Paris.

Mr. John Methven, director general, Confederation of British Industry, speaks on trade union recognition and collective bargaining at European Study Conference, Kensington Palace Hotel, W8.

Meeting of CBI smaller firms council.

Cutlery and Silverware Association statement on low cost imports problem.

Resumed inquest on Sir Eric Miller, Westminster Coroners Court.

Statement by Metropolitan Police Commissioner on new crime prevention campaign.

Youthaid conference on unemployment, education and training for young people and their future, Metropole Hotel, Brighton.

London Chamber of Commerce export finance managers group meeting, 69 Cannon Street, EC4, 10 a.m.

Visit by Queen Juliana of the Netherlands to European Communities Commission.

Lord Mayor of London at luncheon with Institute of Chartered Accountants, Chartered Accountants' Hall, Moorgate Place, EC2, 1 p.m. Lady Mayoress opens Charity Christmas Card Council Exhibition, Royal Exchange, 11.30 a.m.

Statement by director of National Society for the Prevention of Cruelty to Children on battered child survey.

Concorde flights now daily to Washington with introduction of Wednesday flights.

Sale of first set of postage stamps devoted wholly to British wildlife.

London Chamber of Commerce trade mission in Venezuela.

COMPANY RESULT

Peninsular and Oriental Steam Navigation (half-year).

COMPANY MEETINGS

Aeronautical and General Instruments, Croydon, 2. Dowty Group, Cheltenham, 11. Haslemere Estates, 4 Carlos Place, W., 12. Jarvis (J.), 239 Vauxhall Bridge Road, 11. Melody Mills, Leicester, 12.

COMPANY NEWS + COMMENT

Thomson Org. down to £4.97m. at halfway

FIRST HALF 1977 pre-tax profits of Thomson Organisation fell from £5.21m. to £4.97m. on turnover up by 18 per cent. from a restated £130.19m. to £154.02m.

The newspaper and publishing divisions achieved substantially higher trading profits, the directors say but, as anticipated, the travel division incurred a loss, and for all 1977, profits from this division will be significantly lower than in 1976. Bookings for the summer season have recovered strongly, but exceptional costs for currency guarantees have been incurred, they explain.

It is expected that the group's trading surplus, up from £6.24m. to £6.44m. for the half year, should be not less than the £17.1m. for 1976, in the full year. The higher interest costs of £2.25m. against £1.91m. reflect the servicing of the groups substantial capital investment programme presently in hand.

The interim dividend is lifted to 2.648p net per 25p share compared with 2.08p. Also, an additional dividend of 0.04938p is declared for 1976 on the reduction in ACT. Last years final was 3.21p and total profits were a record £15.18m.

The group has not yet exercised its option to acquire 90 per cent. of the North Sea oil interests held by Thomson Scottish Associates, the directors say. Development of the Piper Field continues to progress satisfactorily and production is averaging some 250,000 barrels per day. Recoverable reserves of the Field are now estimated by independent consultants at 695m. barrels against 642m. barrels referred to in the 1976 report and accounts, they add.

The Secretary of State for Energy has authorised an increased rate of oil production from the Piper Field from some 250,000 barrels per day to some 300,000 barrels per day. Approval has also been given for the construction of a gas recovery scheme for the Piper Field which will increase the extraction of gas liquids and enable the recovery of dry gas to be made through a new pipeline to be linked to the Frigg pipeline system. The TSA share of the estimated cost of this gas recovery scheme is £17m.

Development of the Claymore Field also progresses satisfactorily the directors state and production is expected to commence late this year, building up to maximum output about 18 months from the start of production.

Adequate financial resources are available, they add, for the estimated costs remaining to complete the Piper and Claymore developments.

Also a further programme of exploration drilling in the blocks licensed to the Occidental Consortium has recently started.

	Half year 1977 £000	1976 £000
Turnover	154,016	*130,194
Trading profit	6,444	6,238
Interest	2,249	1,906
Share of assoc.	774	975
Profit before tax	4,969	5,307
Tax	2,946	3,065
Net profit	2,023	2,242
Minorities	313	312
Pref. dividends	484	454
Available	1,226	1,516
Interim Ord.	1,141	896
Supplementary interim†	21	—
Leaving	1,162	536

*Restated. † For 1976.

See Lex

HIGHLIGHTS

An £0.3m. reduction in half-time profits at Thomson Organisation left the shares 30p lower, but North Sea oil profits will start coming through in the second half of next year. Grattan also saw its share price slashed with profits growth falling short of that recorded by Freemans, following some pressure on margins. Sears has only shown a modest improvement after six months but, following the sale of a U.S. loss-maker and some signs of an upturn in U.K. consumer spending, the trend in the second half could be more buoyant. Sales at UDS are about 10 per cent. higher, but at the pre-tax level the gain is 31 per cent., resulting from a reduction in deferred profits on h.p. sales. Elsewhere, growth at Averys has slowed mainly due to the loss of any currency benefits, but Office Electronic has performed well in a very depressed market. On the issue front Selincourt is raising £1.8m. by way of a rights issue, while profits are some 40 per cent. higher.

Progress at Waterford Glass

FIRST HALF 1977 turnover of Waterford Glass expanded from £37.61m. to £45.25m. and pre-tax profits advanced from £2.66m. to £3.62m.

Earnings are shown to be up from 1.16p to 1.74p per 5p share and the interim dividend is effectively lifted from 0.32825p to 0.5625p net. Last year's total was equal to 0.948825p after the one-for-three scrip issue. Profits totalled £6.75m.

	First half 1977 £000	1976 £000
Turnover	45,245	37,612
Interest	568	545
Depreciation	397	392
Pre-tax profit	3,620	2,657
Taxation	1,285	1,012
Minorities	68	80

Amber Day expansion programme

Although trading conditions continue to be highly competitive, sales for the first four months of the current year at Amber Day Holdings, clothing manufacturers, show a marked increase, says the chairman, Mr. Ronald Metzger, and he envisages further progress for 1977-78.

As reported on September 13 pre-tax profits for the year to April 30, 1977, rose from £920,366 to £1,103,717 and the dividend is lifted to 1.936p (equivalent 1.7333p) with a net final of 1.2695p per 10p share.

Construction of a new 100,000 square foot factory and warehouse costing £1.25m. is under way helped by a medium-term loan of £0.5m. with the balance covered by tax relief and Government grants. Mr. Metzger says that other companies in the manufacturing division are also expanding their capacity, and that a programme has started to re-equip all manufacturing plants with the most modern, commercial and automated machinery.

In recent months the Retail division experienced improved trading conditions, the chairman says, and in 1978 the greater part of sales will, it is anticipated, be derived from stores in London's West End. A new store was recently opened in Brent Cross Shopping Centre and further stores will be opening shortly in New Bond Street, Eldon Square Shopping Centre, Newcastle, and Manchester.

The directors have decided to transfer to reserves the accumulated deferred tax balance on stock relief; goodwill of £1.41m. has been written off.

A source and application of funds shows a decrease in cash balances of £285,247 (£997,914 increase).

Meeting, Portman Square, W, October 27 at noon.

Good start to year at Maynards

SALES FOR the first quarter of the current year at confectioners Maynards show a satisfactory increase and demand continues at a high level, states Mr. H. P. Salmon, the chairman.

During the past four years the group has financed over £2m. of capital investment from its own resources and further substantial expenditure is planned.

Operating costs continue to rise and competition is keen but the directors face the future with confidence, the chairman tells members.

As reported on September 16 the net external sales rose from £23.69m. to £28.69m. for the year to June 25, 1977, and pre-tax profits advanced from £1.12m. to £1.55m.

The improvement was mainly due to group factories producing and selling record quantities of products and to notable increases in sales in the modernised confectionery shops, says Mr. Salmon.

The result was achieved in a period when inflation in the confectionery industry was at a high rate, causing some prices, particularly of chocolate lines, to rise to a level where there was customer resistance, while the two increases in tobacco duty tended to curtail consumption of cigarettes. In addition, there was a marked reduction in consumer spending power which adversely affected the sale of some of the more expensive ranges of merchandise.

The group's cash position remains adequate at present, bearing in mind scheduled capital commitments. Due to inflation there was a big increase in working capital which has been financed from the group's own resources and has therefore limited the rate of expansion in all divisions, adds the chairman.

Meeting, Vale Road, N., on November 10 at 11 a.m.

Office & Electronic advance

TAXABLE PROFIT of Office and Electronic Machines lifted from £759,517 to £806,789 in the six months to June 30, 1977. Turnover rose from £7.8m. to £8.3m.

Directors say the half year saw an increase in turnover without a significant change in margins. Full-year profits and turnover are however expected to exceed last year's figures of £15.4m. and £1.78m. respectively.

Earnings per 25p share are stated at 6.13p against 5.82p last time and the interim dividend is lifted from 1.149p to 1.278p, with the intention of paying the maximum permitted for the year. An additional 0.04p is also being paid following the reduction in ACT. Last year's total payment was 3.313p.

	Half year 1977 £000	1976 £000
Turnover	8,311	7,811
Profit before tax	807	760
Tax	[illegible]	[illegible]
Net profit after tax	373	356
Dividend	81	[illegible]
Retained	294	[illegible]

● comment

While the office equipment sector has been experiencing hard times, OEM has continued to progress, with first-half turnover and profit six per cent. higher. The market, however, was expecting slightly more and this might be explained by some reluctance to switch to more modern office equipment and the Government cut-backs on spending. In addition, due to the competitive state of the market, the company has not passed on a 1976 price increase by its main German supplier on the typewriter range. However, demand for electric typewriters, especially the new single element model, still remains buoyant and stock levels have been reduced. Continuing secretarial pressure on employers to re-equip will further stimulate demand and £1.2m. pre-tax is on the cards for the second half, giving overall earnings of 15.6p and a prospective p/e of 5.7 at 90p. Meanwhile, the shares offer some speculative appeal on the hopes of a more permanent link with Triumph Adler's U.K. subsidiary, Adler Business Systems, OEM main supplier.

DRG REPAYMENT

The directors of Dickinson Robinson Group are to propose the repayment of the £500,000 8½ per cent. Debenture stock 1988-93 in Royal Sovereign Group at £94 per £100 nominal, together with the interest accrued to the date of repayment.

Freddie Mansfield

Sir Charles Clore, chairman of Sears Holdings, who reports first half pre-tax profits up from £14.98m. to £18.53m. despite losses in the U.S. and from the engineering division.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Averys ....int.	1.93	Dec. 1	1.73	—	5.2
Bankers Inv. Tst. ....1st int.	0.5	Nov. 30	0.5	—	2.3
Bunzl Pulp ....int.	2.83**	Nov. 30	2.54	—	4.37
Buradene Invs.	0.5	—	0.46	1	0.91
Cape Industries ....int.	2.9	Jan. 4	2.64	—	7.35
City Hotels ....int.	1.32¶	Nov. 26	—	—	—
J. Compton Sons ....int.	0.4	Dec. 5	0.39	—	1.69
Grattan Warehouses ....int.	1.76	Nov. 25	1.63	—	5.22
Jones Group ....int.	0.65	—	0.65	—	3.25
Kuala Lumpur Kepong int.	5‖	Nov. 19	5	—	10
Macallan-Glenlivet	2.74	—	2.74	4.6	4.12
McLeod Russel	10††	Nov. 30	6.46	10	6.46
Office and Electronic ....int.	1.28§	Dec. 3	1.15	—	3.3
Selincourt ....int.	0.45	Dec. 16	0.4	—	9.96
Thomson Org. ....int.	2.65‡	Jan. 3	2.08	—	5.29
UDS Group ....int.	2.1	Feb. 21	2.1	—	4.8
Waterford Glass ....int.	0.56	Nov. 9	0.33*	—	0.95*

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Additional 0.04938p. § Additional 0.04p. ¶ As forecast in Prospectus—3.9p predicted for year. ‖ Malaysian cents. ** Additional 0.029p. †† As dividend exceeds 8.67p, Preferred Ordinary shares will, on payment, become Ordinary shares.

City Hotels well ahead halftime

NEWLY-LISTED City Hotels Group lifted turnover from £1.82m. to £2.91m. and taxable profit from £320,000 to £430,000 in the half year to July 3.

After tax of £242,000 (£178,000) net profit stands at £188,000 (£142,000) and after dividends £170,000 (£142,000) is retained.

Directors say all divisions — hotels, ice cream and restaurants — increased turnover and profit in the half and the current trading position is encouraging. Directors and substantial shareholders have waived dividends costing £21,291.

As forecast in the prospectus interim dividend is 1.32p per 20p share. A total of 3.9p is predicted for the year.

Jones Group pushes ahead to £0.67m.

Taxable profit of the Dublin-based Jones Group rose £143,000 to £663,000 in the June 30, 1977 half year, with turnover almost £2m. ahead at £7.3m.

At the June AGM Mr. L. St. John Devlin, chairman, reported substantial volumes of work in hand for engineering companies and predicted shipping profits to grow and manufacturing to again do well. But a resumption of profit growth was dependent on contracting companies obtaining work at suitable margins in the second half.

The half year tax charge of £276,000 (£202,000) is an estimate calculated on existing accounting policy, but directors will be considering the implications of the recent exposure draft on deferred tax before publishing year end results. Its implementation could result in a substantially lower tax charge, they say.

Earnings per 10p share are stated at 3.58p (2.52p) and interim dividend is unchanged at 0.65p. Last year's total was 3.25p on pre-tax profits of £1.23m.

	First-half 1977 £000	1976 £000
Turnover	7,307	[illegible]
Depreciation	134	141
Interest	38	[illegible]
Profit before tax	663	522
Tax	276	202
Net profit	388	320
Minorities	[illegible]	[illegible]
Available Ord.	336	[illegible]

* Credit.

Satisfactory start to Pifco year

The current year has begun satisfactorily for appliance group Pifco with exports continuing to show a healthy trend, Mr. Alfred D. Webber, chairman, says in his statement with accounts.

"Our financial situation is sound and some noteworthy product additions this year should make a steady contribution to turnover and profits. During the (April 30, 1977) year we have increased our investment in our U.K. manufacturing facilities both in terms of premises and plant and equipment."

Last year's record pre-tax profit of £1.37m., reported on August 24, showed growth in Pifco's market share, helped by its expansion of its appliance range. Exports also recorded good growth and their value was £1,376,500.

Mr. Webber says he is confident the group will make progress despite the background of economic and political uncertainty.

Accounts show a £646,700 rise in net current assets to £4,117,900 stemming from a jump in stocks and work in progress from £1.76m. to £3.2m. and a £235,000 rise in debtors to £1.54m. This has been financed from working capital and by a £900,000 reduction in bank and other deposits to £1.42m.

Mr. Webber says the rise in stock values is partly attributable to higher prices and partly to a larger volume necessary to support the increased turnover.

The company has authorised capital commitments totalling £516,700 compared with £463,600 last time.

The meeting is at 77 London Wall, EC, on October 19 at 12 noon.

UDS more than £1m. ahead at midterm

DEPARTMENT STORE operators and retailers, UDS Group reports increased pre-tax profits ahead from £3.37m. to £4.4m. for the 26 weeks to July 30, 1977 on sales, excluding VAT 10.5 per cent. higher at £139.33m.

The directors say that sales in the first eight weeks of the second half show an increase of 18 per cent. The current trend is encouraging and they expect a further improvement in profits for the full year. The surplus for all 1976-77 was £19.18m.

First half earnings are shown at 1.7p (1.1p) per 25p share. The interim dividend is held at 2.1p net. Last year's final was 2.7p.

	26 weeks 1977 £000	1976 £000	Year 1976-77 £000
Turnover ex. VAT	139,325	[illegible]	[illegible]
Operating profit	9,333	[illegible]	[illegible]
Depreciation, etc.	[illegible]	[illegible]	[illegible]
Interest	[illegible]	[illegible]	[illegible]
From defd. profit	[illegible]	[illegible]	[illegible]
Profit before tax	[illegible]	[illegible]	[illegible]
Taxation	[illegible]	[illegible]	[illegible]
Net profit	[illegible]	[illegible]	[illegible]
Extraord. debits	[illegible]	[illegible]	[illegible]
Balance	[illegible]	[illegible]	[illegible]

* To deferred profit. † Includes share of associates £350,000 (£300,000) and [illegible]. ‡ Credits.

See Lex

Averys up to £6.4m. midterm

ON TURNOVER of £47.52m. against £40.82m. taxable profits of Averys for the first half of 1977 rose from £5.7m. to £6.38m. First half 1976 profits has been adjusted to include an amount of £244,000, which arose from the change in the basis of valuation of work in progress and finished food stocks implemented at the end of 1976, it is stated.

	Half-year 1977 £000	1976 £000
Turnover	47,523	40,818
Invest. income	125	[illegible]
Share assoc.	74	[illegible]
Pre-tax profit	6,383	5,701*
Tax	3,439	2,991
Minorities	[illegible]	[illegible]
Extraord. credit	[illegible]	[illegible]
Attributable	2,761	[illegible]

* Adjusted.

Half-yearly stated earnings per 25p share are up at 7.4p (6.9p), and the interim dividend is increased to 1.92735p (1.72659p). An additional dividend for 1976 on the reduction in ACT will be paid with the 1977 final. For 1976 the final dividend was 3.47355p and total profits were a record £14.67m.

The company manufactures weighing, testing and measuring machines.

● comment

Growth at Averys has slowed considerably with pre-tax profits up by only 12 per cent. compared with 49 per cent. in both the first and second halves last year. The figures have not been helped by the absence of currency gains, which contributed £420,000 to last year's first half profits and over the year as a whole. It is not going to be easy for the group to make up this currency shortfall since it is experiencing difficulty in recruiting sufficient numbers of skilled electrical engineers in the U.K. to meet current production targets. Full-year figures are therefore unlikely to exceed last year's level. Moreover the upward trend in profits overseas also appears, for the time being, to have run out of steam so what growth there is due almost entirely to a further improvement from the general products division, with sales of cleaning equipment to breweries and metering equipment for petrol pumps particularly buoyant. However, the balance-sheet remains strong and stocks are now being brought more into line with turnover after last year's 24 per cent. increase. Unchanged full-year profits would give prospective p/e of 8.9 and maximum yield of 5.8 per cent. at 133p.

S. GIBBONS AND SIEMSSEN LINK

The directors of Stanley Gibbons International announce that they have come to an agreement with Siemssen-Hunter, for their subsidiary, William P. Solomon, to act as distributors for a range of stamp packets and albums to the confectionery, tobacconist and newsagent retail trade.

Sears ahead despite U.S. and engineering losses

ON TURNOVER up by £81m. to £451m. pre-tax profits of Sears Holdings expanded from £14.98m. to £18.53m. for the half year ended July 31, 1977.

Sir Charles Clore, the chairman, warns however, that first half results should not be taken as a guide to full year profits as the majority of the group's activities are of a seasonal nature. For the year to January 31, 1977 profits came to £44.67m. on turnover of £793m.

After higher tax of £12.1m. against £8.7m. and deducting minority profits of £321,000 (£91,000 loss), the attributable balance for the half year is down from £6.37m. to £6.11m. The mid-way 1976 tax charge was reduced by £1.4m. in respect of relief on overseas losses of £3.55m. No such relief is available on overseas losses of £4.2m. for the 1977 first half.

A breakdown of trading profit at £23.22m. (£19.44m.) shows footwear retailers and manufacturers £11.4m. (£12.16m.); departmental stores, jewellery and other retailing £6.81m. (£5.06m.); engineering loss £0.96m. (profit £0.41m.); motor vehicle sales, service and delivery £2.71m. (£1.43m.); licensed betting offices £4.18m. (£1.3m.); property development and investment £2.31m. (£1.41m.); linen hire, industrial laundries and knitwear manufacturing U.S. loss £2.73m. (loss £2.33m.).

Sir Charles says the results are satisfactory apart from the trading losses incurred in the U.S. and in the engineering division.

The Highlander knitwear division of Sears Industries Inc. in the U.S. suffered a further decline and in the absence of a foreseeable turnround to profitability the business was sold with effect from July 31, 1977. No further trading loss will be incurred but the loss on disposal, amounting to some £3m., will be dealt with as an extraordinary item in the full year accounts.

The engineering group, with the exception of the knitwear machinery division, performed reasonably well but the results have been marred by the losses suffered by certain subsidiaries and, in particular, by Bentley Engineering Group which continues to experience demand difficulties and has incurred further costs of rationalisation and redundancy.

The results include the trading profits of Gilcock and Colling amounting to £800,000 for the four months since acquisition in March 1977. This company is engaged in the delivery of motor vehicles throughout the U.K. and France.

Non-trading items comprise a surplus on disposals of property and investments of £1.48m. (£144,000), surplus on redemption of loan capital £293,000 (£119,000) and unrealised exchange losses of £643,000 (£562,000). In addition exchange gains arising on fixed assets less related borrowings amounting to £154,000 (£1.28m.) have been added to reserves.

	Half-year 1977 £000	1976 £000
Turnover	451,000	370,000
Trading profit	23,224	19,442
Interest	5,816	4,161
Non-trading credit	1,126	*299
Pre-tax profit	18,534	14,982
Tax	12,100	8,700
Net profit	6,434	6,282
To minorities	321	†91
Attributable	6,113	6,373

* Debit. † From minorities.

The wholly-owned subsidiary British Shoe Corporation lifted trading profits from £15.57m. to £16.49m. for the period. After higher interest of £416,000 (£270,000) and non-trading credits of £502,000 (£451,000) profits came to £16.58m. (£15.75m.) subject to tax of £9.2m. (£9.8m.)

Sears Engineering incurred a loss of £967,000 (£885,000 profits), in the six months to June 30 before a tax credit of £400,000 (£250,000 charge). The deficit was struck after net interest payable of £1.9m. (£1.48m.) and non-trading losses of £31,000 (£524,000 profit).

See Lex

Gratton 13% higher so far

ON NET SALES of £79.38m. compared with £67.48m., Grattan Warehouses lifted pre-tax profits by 13.1 per cent. from £5.30m. to £8.09m. for the 28 weeks to August 13, 1977.

The directors say that while sales from the autumn/winter catalogue are ahead of last year, it is difficult to forecast consumer demand for the rest of the year. Profits for the year to January 31, 1977 were a record £11.87m.

The interim dividend is raised from 1.65p to 1.76p net costing £774,400 (£726,000). Last year's final payment was 3.567p.

	28 weeks 1977 £000	1976 £000
Sales	85,471	73,094
VAT	6,091	5,660
Net sales	79,380	67,434
Trading profit	6,453	5,593
Interest paid	375	208
Profit before tax	6,099	5,385
Tax	3,167	2,800
Net profit	2,923	2,565

Sales and profits were generally up to expectations in most areas, members are told, except in ladies' fashion clothing. The disappointing sales in this area resulted in excess stocks which contributed to an exceptional stock write-down against the profits. Other operating expenses during the season have been well contained.

See Lex

Ferry Pickering well placed

Sales for the first two months of the current year at Ferry Pickering Group show an encouraging improvement, Mr. G. F. Coe, the chairman, tells members. With new machinery installed and operational the company is well placed to take full advantage of any sustained national commercial growth, he says.

He points out that, in his opinion, the substantial advance achieved in 1976-77 was not the result of improvement in the economy but the management's forward planning to facilitate development of products over a wide spectrum of industry.

For the year to June 30, 1977, pre-tax profit expanded to £785,005 (£539,373) on sales of £4.69m. (£3.86m.)—as reported on September 23. The dividend is raised to 2.8007p (2.5075p) per 10p share, and a one-for-ten scrip issue is planned.

At year-end net liquid funds were up £0.2m. (£0.42m.) with short-term deposits down at £1m. (£1.18m.).

In November, 1976, the rigid box factory at Leicester was closed following a serious fire and production was transferred to the Loughborough and Hinckley units.

Meeting, Leicester, on October 31 at noon.

Macallan advances to £0.36m.

Taxable profits for the year to July 31, 1977, at Macallan-Glenlivet advanced from a depressed £294,756 to £362,539, on turnover ahead at £2.19m. against £1.91m.

At midway, when reporting a downturn in profits from £268,000 to £209,000, the directors said that although strong sales of bottled Macallan and an upturn in 1977 whisky orders would show through in some second half improvements, this would be insufficient to bring results up to the 1975-76 level.

The directors now state that should market trends in the sale of single malt whiskys and the increased rate of filling orders be maintained, and provided costs rise at a slower rate than hitherto, then they expect some return to previous levels of profitability.

Earnings are shown to have increased from 7.46p to 8.87p per 25p share and a final dividend of 3.2231p lifts the total to 4.600235p (4.118675p) net.

	1976-77 £	1975-76 £
Turnover	2,153,744	1,914,966
Depreciation	141,790	131,734
Interest payable	119,004	99,552
Interest credit	2,285	15,295
Pre-tax profit	362,539	294,756
Tax	67,003	179,467
Net profit	295,534	155,289

McLeod Russel turns in £5.78m.

INCLUDING £1.7m. from associates, pre-tax profits of McLeod Russel and Company reached £5.78m. for the year to March 31, 1977, on turnover of £16.94m. In May the directors estimated profits of £5.60m. for the year.

For 1975-76 turnover was £11.6m. and profit £2.4m. including £24,000 from associates. However, attention is drawn to the fact that these figures did not include the profits of subsidiaries acquired in March 1976 following the successful outcome of the offers to the holders of Consolidated Tea and Lands Company and Cessnock Holdings and the reorganisation which followed.

The 1977 figure for turnover does not include anything in respect of the main part of the activities of the subsidiaries of these companies. However, following the sale to Tata-Finlay of the assets and businesses in India of such subsidiaries, the share of the profits of Tata-Finlay for the year 1976 is included as profits from associates in the 1977 figures.

As was announced on March 15, 1977, the company falls within the intended scope of the Treasury announcement with regard to U.K. companies mainly engaged in operations outside the U.K. and is accordingly not subject to current regulations on dividend controls.

As forecast in March the directors accordingly recommend dividends on the Preferred Ordinary and Ordinary shares of 10p per £1 share net for the year. (Preferred Ordinary shares at 8.67p net; Ordinary shares at 6.456p net.)

As the dividend proposed on the Ordinary shares is in excess of 8.67p per share the Preferred Ordinary shares will, on payment, become Ordinary shares in terms of the resolution at the EGM on March 5, 1976.

Stated earnings per share at 40.33p (34.99p) are based on 4,027,118 (2,191,901) Preferred Ordinary and Ordinary shares.

	1976-77 £000	1975-76 £000
Turnover	16,937	11,604
Trading income	3,403	1,938
From investts. and int.	645	174
Sale of investts.	27	267
Share of associates	1,705	24
Profit before tax	5,782	2,401
U.K. tax	428	173
Subsids. and assoc. tax	3,539	1,319
Indian dev. reserves	16	9
Net profit	1,799	900
To minorities	161	129
Extra-ord. credit	77	—
Attributable	1,715	771
Pref. dividends	91	4
Leaving	1,624	767

L. Joseph Trust to liquidate

Following last week's decision to put Anglo-Welsh Investment Trust into liquidation, shareholders of another trust in the same stable, Leopold Joseph Investment Trust, have decided to put their company into voluntary liquidation, in an attempt to unwind cross holdings and eliminate the discount to net asset value at which the shares have traded.

At yesterday's extraordinary general meeting, at which proposals for the voluntary liquidation were approved, Mr. W. F. Ratford of accountants Peat Marwick Mitchell was appointed liquidator.

Kwikform looks to second half

Poor first-half results are expected by Kwikform but, in view of the present record level of orders, it anticipates fully making up the leeway in the second half, Mr. F. Malcolm Russoo told the AGM.

Any increase in sales for the group, which is currently subject to an £8m. bid by Richard Costain, must come from overseas markets as it is difficult to forecast any improvement in the U.K. in the current year, he said.

During the first four months of 1977/78 the company worked at a low capacity but is now having to work overtime to satisfy demand. There has also been a large rise in export orders which has been a considerable factor in producing the record order book.

Because a large proportion of group profits are now derived from the Middle East the pattern of trading has become very much more cyclical, he pointed out. The major trading period of its business in the Middle East falls in the second half.

Half time turnround at George Ingham

With a turnround in trading balance from a £21,978 loss to a £20,398 profit George Ingham and Co. (Holdings) has achieved a £22,322 pre-tax profit against a £3,187 loss in the June 30, 1977 half year.

Turnover for the period more than doubled from £450,437 to £985,328. After tax of £14,007 (£6,448 credit) net profit stands at £8,315 (£3,261). Earnings per share are stated at 0.42p (0.48p).

In the period the remainder of the group's portfolio was sold, realising £180,465 and exceeding book value by £8,392.

The directors say they felt adequate provision for exceptional claims had been made at December 31 last, but an additional claim, which cannot be quantified, has been made. No provision has been included in interim figures and so interim dividend has been omitted. Last year's interim absorbed £5,000, and no final was paid.

Watmoughs (Holdings) Limited

printers and publishers

RECORD HALF YEAR
1 for 3 scrip issue

	six months to 30 June 1977	six months to 30 June 1976	year to 31 December 1976
Turnover	£3 807 000	£3 264 000	£6 854 000
Profit before tax	£300 000	£180 000	£561 000
Earnings per share	6·36p	3·78p	11·82p

Outlook Demand continues at a high level for all the group's services – mail order, periodical and security printing and packaging. The directors believe that further progress can be made in the second half of the year.

Copies of the interim statement to shareholders can be obtained from the Secretary, Watmoughs (Holdings) Limited, Idle, Bradford, West Yorkshire BD10 8NL.

UDS Group Limited

Consolidated Interim Financial Statement for the 26 weeks ended 30th July, 1977 (Unaudited)

	1977 £000's	1976 £000's	Year 1976/77 £000's
TURNOVER (excluding VAT)	139,326	126,051	295,817
OPERATING PROFIT	9,868	9,335	29,930
Depreciation and Amortisation	2,264	1,980	4,675
Interest	3,390	3,162	7,184
Variation in deferred profit	cr. 186	dr. 824	dr. 1,893
PROFIT BEFORE TAXATION	4,400	3,369	16,178
Taxation	1,760	1,750	6,010
EARNINGS	2,640	1,619	10,168
Earnings per 25p Stock Unit	1.7p	1.1p	6.7p

Turnover for the half year at £139 millions was 10.5% ahead of the same period in 1976. Profit before taxation shows an increase of 30.6%.

Sales in the first eight weeks of the second half year show an increase of 18%.

As always the outcome for the year is largely dependent on the level of trading in the second half. The current trend is encouraging and the Board expects a further improvement in profits for the full year.

The Directors have declared an interim dividend of 2.1p (2.1p last year) per ordinary stock unit. Dividend warrants will be payable on 21st February 1978 to stockholders appearing on the register on 10th January 1978.

uds

Copies of the last annual Report and Accounts may be obtained from The Secretary, Marble Arch House, Seymour Street, London W1A 2BY.

FIDELITY PACIFIC FUND S.A.

INCORPORATED UNDER THE LAWS OF PANAMA

Notice of Annual General Meeting of Shareholders
October 20, 1977

Please take notice that the Annual General Meeting of Shareholders of Fidelity Pacific Fund S.A. (the "Corporation") will take place at 2.00 p.m. at the Corporation's Principal Office, Outerbridge Building, Pitts Bay Road, Pembroke, Bermuda, on October 20, 1977.

The following matters are on the agenda for this Meeting:

1. Election of Directors. The Chairman of the Board of Directors has proposed the re-election of the eight existing directors.
2. Review of the balance sheet and profit and loss statement for the fiscal year ended May 31, 1977.
3. Ratification of the actions taken by the Directors since the previous Annual General Meeting.
4. Ratification of the actions taken by the Investment Manager since the previous Annual General Meeting.
5. Consideration of such other business as may properly come before the Meeting.

Holders of registered shares may vote by proxy by mailing a form of Registered Shareholder's Proxy obtained from the Corporation's Principal Office in Pembroke, Bermuda, or from the companies listed below, to the Corporation at the following address:

Fidelity Pacific Fund S.A.
P.O. Box 670,
Hamilton, Bermuda.

Holders of bearer shares may vote by proxy by mailing a form of Certificate of Deposit and a form of Bearer Shareholder's Proxy obtained from the Corporation's Principal Office in Pembroke, Bermuda, or from the companies listed below, to the Corporation at P.O. Box 670, Hamilton, Bermuda. Alternatively, holders of bearer shares wishing to exercise their rights personally at the Meeting may deposit with the Corporation the certificates for their shares or a Certificate of Deposit therefor prior to the Meeting.

All Proxies and Certificates of Deposit issued to bearer shareholders must be received by the Corporation not later than 2:00 p.m. on October 20, 1977, in order to be effective at the Meeting.

By Order of the Board of Directors
Charles T. M. Collis
Secretary

The Bank of Bermuda Limited
Front Street
Hamilton, Bermuda

Rowe & Pitman, Hurst-Brown
1st Floor, City Gate House
39–45 Finsbury Square
London EC2A 1JA, England

Julius Baer International Limited
3 Lombard Street
London EC3V 9ER, England

Bank Julius Bar & Co.
Bahnhofstrasse 36
8022 Zurich, Switzerland

Kredietbank S.A. Luxembourgeoise
43, Boulevard Royal
Luxembourg

Bunzl forecasts better year after £8m. halfway

ON TURNOVER £15.95m. higher at £108.13m. Bunzl Pulp and Paper pushed pre-tax profit from £7,657,000 to £8,016,000 for the six months to June 30, 1977.

Directors say that although second half results will not be as good as the opening period current trading conditions suggest that both sales and taxable profit will exceed the £197.2m. turnover figure registered last year and the £13.15m. profit.

Tax takes £3.88m. (same) leaving net profit at £4.13m. against £3.78m. last time. Earnings per 25p share are stated at 12.4p (12.4p) before extraordinary items and 14.1p (19.5p) after extraordinaries.

Mr. G. G. Bunzl, chairman, says the results reflect the $US1,176,000 purchase from the American Filtrona Corporation of the 50 per cent. of Filtrona International Corporation, of New York, not already owned by Bunzl. In association with this deal, 2 per cent. of Bunzl Pulp and Paper (Canada) has been sold for $US150,000 to American Filtrona giving it a 51 per cent. stake in that company.

The reorganisation is expected to show a slight increase in group earnings for 1977 with further improvement following. It will also provide a base for further expansion of pulp and paper merchanting activities in North America.

Mr. Bunzl says U.K. cigarette filter sales volume started the year at a good level with new brands introduced. The March duty increase resulted in a sudden drop in demand, but this has subsequently picked up. Both U.K. and export prices continue to be under pressure.

Overseas filter operations are experiencing declining profit margins but non-filter results have improved. Although pulp and paper merchanting substantially increased sales, profitability was reduced, and paper making suffered from the continuing weakness in world markets.

The converted paper trading operation, which is largely outside the U.K., had a successful half, and among the packaging companies flexible printed products did well, Mr. Bunzl says.

The final dividend declared at the Bunzl AGM in June cannot be paid owing to the reduction in the basic tax rate to 34 per cent., and not 33 per cent. which was the condition of the dividend resolution.

A second interim of 1.83p was paid and an interim dividend this year is up the maximum from 2.535p per 25p share to 2.831p. An additional 0.029p is also to be paid following the above mentioned reduction in tax, and a final dividend of up to 2.045p is proposed.

	Six months 1977 £000	1976 £000
Sales	108,133	92,181
Trading surplus	7,296	7,856
Associate	1,796	1,816
Net interest & dividends	573	415
Profit before tax	8,016	7,657
Tax	3,881	3,863
Net profit	4,135	3,794
Minority interests	697	505
Earnings Ord.	3,378	3,294
Extraordinary profit	*180	*1,573
Leaving	3,568	4,867

* Includes £278,000 currency loss (£1.6m. surplus).

● **comment**

Bunzl's figures are hardly inspiring—reported trading profits are 2 per cent. higher or somewhere over 10 per cent. excluding undisclosed currency swings, on a sales rise of 21 per cent. The outcome was not unexpected in the market and the shares held steady at 112p even with the pessimistic forecast. Despite its attempts to diversify Bunzl is still heavily devoted to the cigarette filter market, where there can be few areas left with any real potential for growth—certainly the U.K. market has reached saturation point. Apart from filters Bunzl's next largest market is paper manufacturing and merchanting and there trading conditions are described as extremely poor and getting worse. So that only leaves packaging—tubes and flexible film wrap for the food industry—and plastics which includes pipe and film extrusions as areas showing any potential for the future. The forecast implies that anything over £15m. pre-tax for the year is unlikely, indicating a p/e of 4.8 and maximum yield of 6.8 per cent., but Bunzl historically stands on a discount to the market.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—J. E. England (Wellington), Thomas French, Hiltons Footwear, Jove Investment Trust, Percy Lane, Lee Cooper, Peninsular and Oriental Steam Navigation, Reed Executive, Sanderson Kayser.

Finals—Harrburger Brooks, Hunt and Moscrop (Middleton), Lawtex, Raine Engineering Industries, Scottish and Continental Investment.

FUTURE DATES

Interims—

Associated Biscuit Manufacturers	Oct. 11
Bradford Property Trust	Nov. 22
Brunton (Musselburgh)	Oct. 13
Bulmer (H. P.)	Dec. 12
External Investment Trust	Oct. 13
Fogarty (E.)	Oct. 12
Hewden-Stuart Plant	Oct. 14
Hunting Associated Industries	Oct. 6
Hunting Gibson	Oct. 7
I.D.C. Group	Oct. 6
Lookers (F. C.)	Oct. 12
Mettoy Manufacturing	Oct. 13
Siebens (London)	Nov. 7
Smith St. Aubyn	Oct. 13
Steel Bros.	Oct. 12
Transatlantic and General Invest.	Oct. 12
Trust Union	Oct. 19

*Amended.

Confidence at Ramar Textiles

Mr. M. Redin, the chairman of Ramar Textiles, says in his annual report that he believes the business will continue to be profitable in the long term and he looks forward with confidence.

The effect on the group of the short-term policies of its markets continues and it is obliged to finance customers' requirements to a considerable extent, members are told. This is evidenced by the further increase in stocks, says Mr. Radin.

Margins are still under great pressure and to combat this the group is introducing more sophisticated machinery and methods in its factories. This reorganisation is inevitably affecting productivity and profitability in the first six months of the current year. The chairman also remarks that reports of increased sales by home customers do not necessarily indicate a corresponding increase in units purchased from suppliers. The present contraction of orders may continue while the economic situation of the country remains as it is, he adds.

As reported on October 1, profit before tax increased by £74,015 to £274,670 for the year to April 30. The charge for tax of £20,891 is low because of a change in basis of providing for deferred tax.

Group's reserves at £1.33m. increased significantly due to a valuation of the group properties and the change in the basis of providing for deferred tax.

Meeting, Hyde Park Hotel, S.W., on November 4 at noon.

J. Compton first half downturn

PROFITS OF uniform clothing and headdress makers and distributors, J. Compton, Sons and Webb (Holdings) fell from £1.1m. to £0.36m. for the first six months of 1977, before tax of £0.46m. against £0.57m. Turnover declined from £10.83m. to £9.69m.

The directors state that the company operated under difficult conditions with shorter order books and disruption in long-term production planning, caused by slackness in home market demand and cut-backs in Government and local authority expenditure.

Exports, however, showed a significant improvement and the company has succeeded in winning some large contracts for 1978.

First half earnings per 20p share are shown to have dropped from 3.08p to 2.41p and the interim dividend is 0.3993p (0.35325p) net, costing £63,000 (£57,000)—the directors expect that the final will not be less than the 1.29775p for 1976. In 1976 year profits totalled £2.38m.

Selincourt up 42% midterm

A 42 PER CENT. jump in pre-tax profit from £1.09m. to £1.55m. is reported by clothing and textile manufacturers Selincourt for the six months to July 31, 1977, and the directors are forecasting not less than a record £4m. at full-time. Also a one-for-four Rights issue is planned to raise £1.8m.

Sales for the half year were ahead 25 per cent. at £26.1m. (£20.85m.) with the export content 40 per cent. better at £3.03m.

While the directors believe that the resources and facilities available to the company are sufficient to meet its current requirements, they consider that the continued expansion of the group should be financed from a broader capital base. They believe that this can best be achieved by raising additional equity capital, thereby improving the relationship between borrowings and shareholders' funds.

The net interim dividend is lifted to 0.45p (0.4p) per 5p share, and, in the absence of unforeseen circumstances, the directors intend to pay a final of 0.771p. Last year a total of 0.96p was paid from profit of £3.1m. The proposed 27.1 per cent. increase in the total for 1977-78 has received Treasury consent in the context of the Rights issue.

Under the issue 10.35m. 5p Ordinary shares will be offered at 18½p, payable in full. They will rank for the current interim. The issue has been underwritten by Barclays Merchant Bank. A provisional allotment letter will be posted to members on October 7.

The profit forecast for 1977-78 is subject to customary seasonal trends and normal trading conditions through the year, the directors say.

	Half year 1977 £000	1976 £000	Year 1976-77 £000
Sales	26,099	20,849	45,227
Pre-tax profit	1,545	1,087	3,181
Tax	795	564	503
Net profit	549	523	2,678
Minorities	4	4	13
Attributable	537	519	2,663
Dividends	226	168	403
Retained	601	351	2,282

● **comment**

Selincourt is taking the opportunity provided by a strong profits performance to push through a rights issue and get its borrowings ratio to a more acceptable level. In the last accounts (dated January 1977) total debt equalled £10.23m. or 137 per cent. of shareholders' funds—following the rights issue debt will stand at around £10m. against shareholders' funds of £11m. by the year-end. Moreover a steady improvement in profits from subsidiaries such as Tricosa and of MacDougall should keep borrowings in check. Tricosa in France has increased its contribution from £30,000 to £140,000 and MacDougall (Scottish Knitwear) has turned in a £50,000 profit against a £40,000 loss. The forecast of £4m. for the year—which had been mooted outside the group as far back as May—implies a slowdown in the second half, but Tricosa had already started to recover in the latter months of 1976. At 24½p the ex-rights prospective p/e is 5.3 (on average capital) and the yield is raised to nearly 8 per cent.

Helene of London progress

With turnover 15 per cent higher at £5.04m. Helene of London, fashion and textile group, boosted pre-tax profit 40 per cent. to £430,156 in the six months ended June 30, 1977.

Directors say trading in the current period is satisfactory with export orders continuing at an encouraging level. Last year's total profit was £806,902.

Tax takes £225,000 (£163,000) leaving net profit at £205,156 (£145,423) before being reduced by a £35,000 extraordinary charge for the cost of a rights issue and a £40,000 loss on the sale of retail fixtures and fittings. The preference dividend takes £21,160, leaving £108,996.

Parambe to cancel share premium

It is proposed that the share premium account of Parambe of £1,430,334 be cancelled. There is to be an EGM on October 26.

The directors refer to the deficit on reserves and say that for so long as the deficit remains the company will not be in a position to recommence dividend payments.

The Board has been advised that the best way of dealing with the problem would be to write off past losses by cancelling the share premium account. This will reconstruct the company's capital so that it is indicative of its present status.

ISSUE NEWS

Local Loans at 6¾%

The coupon rate on this week's issues of local authority yearling bonds has eased lower to 6¾ per cent. after three weeks standing at 6⅞ per cent. The issues are offered at par and due on October 11, 1978.

This week's issues are: Birmingham District Council (£2m.), City of Leeds (£½m.), City of Glasgow District Council (£1½m.), City of Bristol (£1½m.), Motherwell District Council (£1m.), London Borough of Wandsworth (£½m.), Aylesbury Vale District Council (£½m.), Kirklees Metropolitan Borough Council (£½m.), Tandridge District Council (£½m.), Borough of Broxbourne (£½m.), Preston Borough Council (£½m.), City of Sheffield (£2½m.), Walsall Metropolitan Borough Council (£½m.).

Two year bonds carrying a coupon of 8 per cent. and due on October 3 1979 are issued at par by Bolton Metropolitan Borough Council (£1m.), and Epping Forest District Council (£½m.).

Three year bonds issued at par and due on October 1 1980 and carrying a coupon of 9¼ per cent. have been issued by Roxborough District Council (£½m.), Afan Borough Council (£½m.), Borough of Cheltenham (£½m.).

Derby City Council has raised £1m. of 10¼ per cent. bonds due September 30 1981 at par and Basingstoke District Council has raised £½m. of 10½ per cent. Bonds due September 29, 1982 at par.

MONEY MARKET

Interest rates fall

Bank of England Minimum Lending Rate 6 per cent.
(since September 16, 1977)

Short-term fixed period interest rates continued to fall in the London money market yesterday. Discount houses buying rates for three-month Treasury bills eased to 5$\frac{1}{16}$-5$\frac{3}{32}$ per cent. from 5$\frac{7}{16}$-5$\frac{7}{32}$ per cent., and market sources suggested that a fall of ½ per cent. to 5½ per cent. is probable in Bank of England Minimum Lending Rate at Friday's Treasury bill tender, if the present trend is allowed to continue by the authorities.

Day-to-day credit was in short supply, but the amount of assistance given by the Bank of England was probably insufficient, and banks may carry over run-down balances. A small amount was lent overnight to three or four houses at Minimum Lending Rate of 6 per cent.

Banks carried forward surplus balances from Monday, and the market was also helped by funds coming into London through the foreign exchange market. On the other hand there was a fairly large net take-up of Treasury bills to finance, a slight excess of revenue payments to the Exchequer over Government disbursements, a slight rise in the note circulation, repayment of the small amount lent to the houses overnight, and settlement of the authorities sales of gilt-edged stock.

Discount houses paid 5¾-6 per cent. for secured call loans in the early part, and closing balances were found at 5½-5¾ per cent.

Rates in the table below are nominal in some cases.

Oct. 4 1977	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5¾-6	—	—	—	6⅜	5½-6	—	—	—
2 days notice	—	—	5⅝-5¾	—	—	—	—	—	—	—
7 days or 7 days notice	—	5⅝-5⅞	5¾-5⅞	—	6¾-6⅛	6⅝	6¾-5⅞	—	—	—
One month	5$\frac{7}{16}$-5$\frac{5}{16}$	5½-5¾	6¾-5⅞	6¼-5½	5¾-6⅛	6⅛	6⅝-5⅝	5⅛-5$\frac{3}{16}$	5⅝-5$\frac{9}{16}$	6¼
Two months	5⅝-5½	6½-6$\frac{7}{16}$	—	6-5⅛	5¾-6⅛	6¼	6¼-5½	5⅛-5$\frac{1}{16}$	6$\frac{7}{16}$-5$\frac{5}{16}$	6⅛-6¼
Three months	5½-6⅝	6⅛-5⅝	5¾-5⅞	5⅞-6⅝	6⅛-6⅛	6¼	5-5⅜	6$\frac{1}{16}$-5$\frac{3}{32}$	5$\frac{1}{16}$-5$\frac{1}{16}$	6-6¼
Six months	5$\frac{11}{16}$-5$\frac{9}{16}$	5¾-5⅞	6-6¼	6-5¾	6⅛-6½	—	—	—	6$\frac{1}{16}$-5$\frac{15}{16}$	6-6¼
Nine months	6$\frac{1}{16}$-6$\frac{1}{16}$	5⅞-6⅛	—	6½-6¾	7	—	—	—	—	—
One year	6¼-6$\frac{1}{16}$	6-6$\frac{1}{16}$	6⅝-6¾	6¾-6½	7¼	—	—	—	—	—
Two years	—	—	7$\frac{1}{16}$-8⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. *Longer-term local authority mortgage rates nominally three years 9¾-9⅞ per cent.; four years 10⅛-10¼ per cent.; five years 10¼-10⅜ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 5¼-5⅜ per cent.; four-month trade bills 6-6¼ per cent.

Approximate selling rate for one-month Treasury bills 5-5$\frac{1}{32}$ per cent.; two-month 5-5$\frac{1}{16}$ per cent.; and three-month 4$\frac{15}{16}$-5 per cent. Approximate selling rate for one-month bank bills 5¼-5$\frac{5}{16}$ per cent.; two-month 5¼-5$\frac{5}{16}$ per cent.; and three-month 5¼-5¼ per cent.; one-month trade bills 5½ per cent.; two-month 6-6½ per cent.; and also three-month 5¾-6½ per cent.

Finance House Base Rate (published by the Finance Houses Association): 6½ per cent. from October 1, 1977. Clearing Bank Deposit Rates for small sums at seven days' notice 3 per cent. Clearing Bank Base Rates for lending 7 per cent. Treasury Bills: Average tender rates of discount 5.3012 per cent.

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MINING NEWS

BH South is still hurt by phosphate losses

BY PAUL CHEESERIGHT

DESPITE COMING back into profit during the second half, the Australian metals, phosphate and investment group, BH South, still recorded a loss in the year to last June, it was announced in Melbourne yesterday. No dividend will be paid. Shareholders have received no payments since 1974-1975.

The consolidated operating loss for 1976-77 was $A3.97m. (£2.5m.), compared with a loss of $A5.1m. in the preceding year. The loss is before a deficit on extraordinary items of $A266,000.

Although there was a second-half profit of $A587,000 (£372,320), against a first-half loss of $A4.56m., the upturn predicted by the group in November last year has not materialised.

The second-half profit came principally from the flow of dividends from BH South's biggest investments. These include Alcoa of Australia, the cable maker Metal Manufactures and Kembla Coal and Coke.

BH South was also helped by the sale of 7,500 tonnes of stockpiled lead concentrates from its subsidiary, Cobar Mines.

Clearly, however, none of this was sufficient to offset the effects of a bigger than expected loss from the group's Queensland Phosphate subsidiary. The writing down of stocks to an estimated market value and the writing off of development costs helped to lead Queensland Phosphate to a year's loss of $A11.34m. (£7.19m.) against a loss of $A2.83m. in 1975-76.

BH South is trying to diminish the adverse effect of Queensland Phosphate on the group's financial position by negotiating with an unnamed party to take over some of the equity. At the same time it has arranged a deferment of debt repayments, the first of which was due at the end of September, on a long-term loan of $A42m. (£26.6m.) made by a consortium of Queensland banks.

Interest payments from Queensland Phosphate have been a continual drag on the group as it has sought to fund the development of the operation at a time of rapidly increasing capital costs.

The financial problems have been exacerbated by technical delays and by the downturn in the market which resulted in the failure of the group to win the overseas contracts it needed to justify investment.

Production of phosphate rock is being held at 350,000 tonnes a year but production facilities exist for an output of 1m. tonnes a year. There will be build-up to this capacity as demand increases in Australia and abroad.

North Broken Hill now holds 12.3 per cent. of BH South's equity. The BH South shares yesterday were 93p.

SASKATCHEWAN POTASH SALE

The provincially-owned Potash Corporation of Saskatchewan claims that its purchase of Alwinsal Potash will make it the largest potash exporter in the world, our Toronto correspondent reports. Closing date for the purchase is November 1.

With Alwinsal increasing further the capacity of PCS, which has grown through acquisitions of companies in the private sector, the group will control one quarter of the province's potash production and be the largest producer in Canada.

Its growth could continue with the acquisition of Amax Potash, a U.S.-controlled company. PCS stated that it had reached "an understanding" which would permit it to evaluate the interests of Amax Potash. Amax's mining and processing is undertaken by International Minerals and Chemical Corporation.

In the past such evaluations have usually been the precursor of a bid by PCS, which has in recent months bought the Sylvite operation from Hudson Bay Mining and Smelting and Duval Corporation from Pennzoil of Houston.

The purchase price of Alwinsal is $Can.76.5m. (£40.4m.) and PCS assumes Alwinsal's tax liability of $Can.9m. Alwinsal has a rated capacity of 1m. tons a year of potassium chloride. It is owned by Kali and Salz of West Germany and Entreprise Minière et Chimique of France.

AZCON STOPS EXPLORATION

The Gold Fields group is partially reorganising its activities in the U.S. Its metal distribution business, Azcon, is selling its minerals exploration activities to another Gold Fields subsidiary, Gold Fields Mining Corporation.

GFMC is becoming responsible for all the group's exploration in the U.S. It will reimburse Azcon $2.8m. (£1.6m.) for expenditure Azcon has incurred.

Azcon's sale was foreshadowed by the president, Mr David Lloyd-Jacob in his annual statement, when he spoke of negotiations "on a basis that relieves Azcon of further expense while participating in profits."

Azcon has been examining gold properties in New Mexico and Quebec, exploring for uranium in the western U.S. and holding an option on a coal property in Tennessee.

Meanwhile two Gold Fields group mines in South Africa have been having fire problems. But no injuries have been reported.

At West Driefontein, production has been coming back to normal levels after the weekend, following a fire which broke out 2,000 metres beneath the surface at the beginning of last week. The fire was isolated last week and then extinguished.

Over the week-end a fire broke out 1,450 metres underground at East Driefontein. It is being isolated through the installation of seals.

LOSSES EMERGE AT MURPHYORES

The Brisbane beach sands producer, Murphyores, whose partnership with Dillingham Corporation of the U.S. has been banned from mining on Fraser Island, has announced a net loss for the year to last June of $A576,000 (£367,765). There was a profit in the preceding year of $A784,000.

Although there was an operating profit of $A272,000, against $A1.1m. in 1975-76, the loss occurs because of the writing-off of the book value of the investment in DM Minerals, the Fraser Island partnership. The book value is put at $A742,000 (£473,640).

The Australian Government's decision to stop mining on Fraser Island has been the subject of bitter controversy, and recrimination from Dillingham Corporation, especially in the light of the Government's compensation offer of an ex-gratia payment of $A4m in response to the DM Minerals demand for $A23.9m. (£15.2m.).

Mr. William Murphy, the chairman of Murphyores, stated that the Government's action "has virtually destroyed this company's business unless adequate compensation is received." The company's main asset had been "sterilised."

ROUND-UP

The Israeli diamond polishing industry is likely to sell $1bn. (£568.8m.) worth of exports this year. The latest statistics show that after the first eight months of the year exports had reached $627m. (£356.6m.), compared with $465.3m. in the same period last year. With Christmas sales coming up, West Germany is expected to become an increasingly important market.

* * *

Pancontinental, the Australian uranium exploration company which is awaiting official approvals for the development of the massive Jabiluka deposit in the Northern Territory, earned no revenue in the year to June 30 and had a net operating loss of $A368,000 (£234,900), against a loss of $A51,000 in the preceding year.

* * *

The U.S. corporation, St. Joe Minerals has earned $25m. (£14.2m.) pre-tax by selling an 80 per cent. interest in three companies developing West Virginian coal properties to Voest-Alpine International of Australia. St. Joe's subsidiary, A. T. Massey, will continue to manage the properties.

Selincourt

Clothing and Textile Manufacturers

INTERIM STATEMENT

The Directors announce the following unaudited Group figures for the six months ended 31st July, 1977.

	6 months to 31.7.77 (£'000)	6 months to 31.7.76 (£'000)	12 months to 31.1.77 (£'000)
TURNOVER	£26,079	£20,849	£48,127
PROFIT BEFORE TAXATION	1,545	1,087	3,181
Taxation	705	564	503
PROFIT AFTER TAXATION	840	523	2,678
Minority Interests	3	4	13
ATTRIBUTABLE TO MEMBERS	837	519	2,665
DIVIDENDS	236	168	403
RETAINED	£601	£351	£2,262

All time record figures have been achieved in the first half of the current year with Group profit, before tax, 42.1% up at £1,545,000, and turnover 25.2% higher at £26,079,000 including U.K. exports 40.4% better at £3,032,000.

Given customary seasonal trends and normal trading conditions through to the year-end the Board forecasts Group profit, before tax, of not less than £4 million for the year to 31st January, 1978, against £3,181,000 last time.

An issue by way of rights to Ordinary Shareholders of 1 new Ordinary share at 18p for every 4 Ordinary shares held at close of business on 28th September, 1977, is announced. The new Ordinary shares will rank for the interim dividend declared on 4th October, 1977. In the context of this issue H. M. Treasury has given its consent to the present intention of the Board to recommend a final dividend on the Ordinary shares which together with the declared interim dividend will total 1.221p net (gross equivalent 1.85p) for the year ending 31st January, 1978. This total net dividend for the year compares to 0.96p paid last year—an increase of 27.1%. Allotment Letters will be ready for posting on 7th October, 1977.

The interim dividend of 0.45p net per share requiring a total of £232,975 will be paid on 16th December, 1977 to Ordinary Shareholders registered at 26th November, 1977. This is comparable to the interim dividend of 0.40p net per share paid last year.

Frank Usher | Harella | Tricosa | Jacqmar
Filigree | MacDougall of Scotland | Bush Baby

BIDS AND DEALS

Assam Frontier Tea gets £4¼m offer

THE frenzied bid activity in the tea sector continued yesterday with the announcement of a £4½m. bid for Assam Frontier Tea. The bidder is Wrengate, a private company in Manchester which has several Indians on the Board, including chairman Mr. G. S. Rula.

The offer is divided between 385p per Ordinary share and 270p for every Preference unit. The Board of Assam Frontier has issued the nominal holding statement through Morgan Grenfell, its financial advisers, while it considers the terms.

Speaking at the annual meeting yesterday, Mr. C. B. Stanley, the chairman of AFT, said that he would write to shareholders to-day. Meanwhile the meetings which had been called to approve the takeover of AFT by APT Holdings were adjourned until October 14, when the position should be clearer. The latter takeover was part of the company's plan to comply with "rupeeisation," which requires tea companies in India to be at least 26 per cent. locally owned.

The Board of AFT received an approach from an unnamed party in July this year and some shareholders yesterday expressed relief that a bid had finally come out into the open. It is widely believed that there are other potential bidders in the wings.

However, Sime Darby controls AFT with 25 per cent. of the Ordinary stock and 82 per cent. of the Preferred stock which makes its agreement to the bid crucial. (See News Analysis page 28.)

6% OF SUNLEY TRUST PLACED

Over 6 per cent. of the shares of Bernard Sunley Investment Trust have been placed with "a number of institutions," according to a statement by the company yesterday, following the sale of 1m. shares largely from the estate of the late Mrs. Fitzwilliams.

However, the sale does not upset the delicate balance among the major shareholders. Eagle Star Insurance, which holds 33.2 per cent. of the shares, was not among the institutions who took up the stake. Any purchase by Eagle Star would automatically trigger off a full bid for the company under Rule 34 of the Take-over Code.

Of the 1m. shares, 500,000 were sold in the name of Bernard and Mary Sunley Ltd. Executors of the late Mrs. Fitzwilliams have an interest in these shares. A further 405,000 shares were sold by Mrs. Fitzwilliams' executors. Two directors of Bernard Sunley, Mr. W. A. Shipland and Mr. J. B. Sunley, and Mr. F. G. Rollason also sold 105,000 shares. In all three cases the price was 182½p, which compares with a closing price yesterday of 190p.

LPP STAKE IN MORE O'FERRALL

London and Provincial Poster has paid £231,000 for a 9.42 per cent. stake in More O'Ferrall which it has bought from Reed International. Both companies are in the business of outside poster advertising and there is already a link through a 50:50 per cent.-owned joint company, Adsel.

London and Provincial said yesterday that it would not be seeking either to gain Board representation or to increase its holding. The shares have been bought for "a good long-term trade investment."

The More O'Ferrall share price ended 2p higher last night at 60p, a new 1977 peak.

ALLIED LONDON—PEACHEY

Allied London Properties' 55p a share bid for Peachey Property Corporation is now 29 days old, one day outside the Takeover Code's guidelines for publication of formal bid documents. However, Allied's advisers, Hill Samuel, report that the documents will be posted to Peachey's shareholders before the end of the week. In the meantime Peachey's shares remain well above the offer price, closing at 70p yesterday.

FLEXIFORM BUYS KASPARIANS

Fairbairn Lawson's wholly-owned subsidiary, Flexiform, manufacturers and suppliers of office systems, has acquired Kasparians Group which designs and manufactures office and contract furniture.

The combined companies, trading as Flexiform becomes one of the major companies in the U.K. manufacturing and supplying office furniture and systems requirements.

WHITELEY SHARES JUMP BUT NO OFFER YET

The share price of B. S. and W. Whiteley went ahead by 4p yesterday to 44p on speculation that a statement was imminent from merchant bankers Robert Fleming, the group's financial advisers, on the progress of bid negotiations. The directors of Whiteley announced on August 25 that the company was holding talks with an unnamed party which may lead to an offer. Nothing has been heard since, though it was known that the discussions could be protracted.

A spokesman for Robert Fleming said yesterday there was no further comment to make at this stage and that negotiations were continuing.

Approximately 30 per cent. of the equity capital of Whiteley, a manufacturer of electrical insulating pressboard and multiply pressboard, is in the hands of three Swiss companies. The last annual accounts showed that Prudential Assurance held just under 7 per cent. of the equity.

SUCCESS FOR T & N U.S. OFFER

Turner and Newall Industries Inc., the American subsidiary of the British plastics, car components and building materials group, announced last night that it had received tenders of 5.49m shares in response to it offer for 52 per cent. of the equity of Philip A. Hunt Chemical Corporation.

Turner and Newall's offer on September 12 was for 2.95m shares at $20 each and it expired last night. Accepting shareholders will therefore have 54 per cent. of their offered holdings accepted.

Chloride expands in Canada

The Chloride Group has just announced the second of two strategic purchases which will expand its presence on the west coast of North America. In a deal worth just under £2m. it has bought the K. S. Johnstone Corporation of Vancouver. Johnstone's subsidiary, the Canadian Battery Corporation, is claimed to be the leading manufacturer of industrial batteries in west Canada.

Early in August Chloride announced that it had bought Western Batteries of Portland Oregon, also on the west coast of the continent, and yesterday a spokesman said "we certainly intend to grow on the west coast."

Chloride has made clear its ambitions to become a national manufacturer of industrial batteries in North America. Its two companies in Toronto and Montreal already have 20 per cent. of the motive power battery market in Canada, mostly on the east coast, and the purchase of Johnstone will expand its share by another 14 per cent., making it equal to the largest Canadian manufacturer, ESB.

Johnstone's main business is motive power batteries which are used in fork-lift trucks, mining locomotives and in the railways, but it also produces automotive batteries for the west coast motor industry. Total sales last year were £2m.

The manufacturing plant acquired by the purchase is said to be modern and Chloride intends to expand its capacity.

The deal still has to receive approval from the Canadian Foreign Investment Review Agency with whom Chloride have had several discussions.

CORINTHIAN/TARTAN McCAUL

Corinthian Holdings' offer for Tartan McCaul has been accepted in respect of 2,514,911 shares (about 21.5 per cent.). Corinthian held 8,264,094 shares (about 70.58 per cent.) prior to offer period and now owns 10,779,005 shares (about 92.1 per cent.).

DAWNAY/FLOREAT

Acceptances received by Dawnay Day in response to its offer for Floreat Investment amount to 973,084 shares (9.11 per cent.), which together with the original holding of 2,677,978 Ordinary shares totals 3,651,062 shares 97.7 per cent. The offer remains open.

ASSOCIATES DEALS

On September 29 Laurence Prust and Co. bought 2,500 Houchin at 196p on behalf of Dale Electric International and bought a further 2,500 at 196p yesterday for the same client.

Houchin is currently subject to an agreed £4.7m. takeover bid from Dale which was first announced on September 20. A subsequent statement on September 29 announced that Dale had at that time acquired control and had 54 per cent. of the equity capital.

De Zoete and Bevan on behalf of Empire Plantations and Investments, an associate of Singlo Holdings, sold £250 of Singlo 15 per cent. convertible unsecured loan stock 1984 at 107.

Simon and Coates purchased, on behalf of an associate of Peachey Property Corporation, 80,000 Ordinary shares in Peachey at 70p per share.

GIEVES & HAWKES EXPANSION

Gieves and Hawkes, a subsidiary of Gieves—whose interests range over tailoring and outfitting, book manufacturing and printing, mechanical binding systems and motor dealing—has bought T. Hodgkinson, the shirt and tie manufacturers, for £130,000 in cash.

Hodgkinson, which has two shops in Jermyn Street, has been bought to complement the main Gieves and Hawkes branch at Number One Savile Row. In its last financial year, Hodgkinson produced pre-tax profits of £30,275.

BARING/SANWA JOINT PURCHASE

Baring Brothers and the Sanwa Bank propose to purchase, subject to the approval of the regulatory authorities in the U.K. and Japan, the 20 per cent. interest in Baring Sanwa Multinational presently held by London Multinational Bank.

This transaction will result in BSM becoming owned equally by Baring and Sanwa and arises from the proposed change in ownership of Multibank whereby that company will become a wholly owned subsidiary of Chemical Bank.

SPINK & SON

Mr. John Barry Hayward a client of Teather and Greenwood, has bought 1,300 Spink and Son shares bringing his total holding to 82,324 shares (5.2 per cent.).

WAGON FINANCE

Duncan Lawrie Investments intend to take up the 85,416 shares provisionally allotted to it under the terms of the recent rights issue by Wagon Finance Corporation. This will give it a total of 597,916 shares in Wagon.

Mr. D. B. Tregoning, a director, has taken up and paid for 166 shares allotted to him and Mr. J. Chopping, another director, has taken up and paid for 8,833 shares allotted to him.

SHARE STAKES

Northern Engineering Industries:—Pursuant to scheme of arrangement effective on September 28, the under-mentioned directors have acquired the following shares in the company in exchange for their holdings in Clarke Chapman and Reyrolle Parsons. Sir James Woodeson, 32,936 Ordinary shares and 300 8.25 per cent. Cumulative Redeemable Preference shares, Mr. R. Baker 3,473 Ordinary shares, Mr. W. H. Bell, 3,600 Ordinary shares and 450 8.25 per cent. Cumulative Redeemable Preference shares Mr. M. H. Bower 1,844 Ordinary shares, Mr. G. T. Coughrie 93,626 Ordinary shares and 11,702 8.25 per cent. Cumulative Redeemable Preference shares held by himself and 206,435 Ordinary shares and 25,803 8.25 per cent. Cumulative Redeemable Preference shares held as a trustee. Mr. T. Harrison 1,000 Ordinary shares, Mr. D. McDonald 105 5.375 per cent. Cumulative Preference shares and 200 3 per cent. Cumulative Redeemable Preference shares. Mr. T. A. Ennis, 257 Ordinary shares. Mr. J. V. Sheffield 1,648 Ordinary shares. Mr L. V. D. Tindale 2,400 Ordinary shares and 300 8.25 per cent Cumulative Redeemable Preference shares and Sir John Wrightson 1,920 Ordinary shares and 240 8.25 per cent Cumulative Redeemable Preference shares.

Strong and Fisher (Holdings): Mr. R. J. Strong, managing director, has disposed of 92,920 Ordinary shares held beneficially. His wife, Mrs. C. L. Strong, has disposed of 17,080 Ordinary shares held beneficially. The Board has been advised of the sale.

THE THOMSON ORGANISATION LIMITED
INTERIM STATEMENT

The directors have declared an interim ordinary dividend for 1977 of 2.648p per share (1976—2.08p per share). This dividend incorporates the maximum permitted 10% increase over the gross equivalent of all ordinary dividends in respect of 1976. A supplementary interim ordinary dividend in respect of 1976 of 0.04938p per share has also been declared following the recent retrospective reduction in the rate of advance corporation tax. *Both dividends will be paid in one sum on 3 January 1978* to ordinary shareholders on the register at 28 October 1977.

Assuming no unforeseen circumstances arise and the continuation of current statutory dividend limitation, the directors anticipate recommending a final ordinary dividend for 1977 at a rate which will maintain the maximum permitted 10% increase in total ordinary dividends for 1977 over the gross equivalent in respect of 1976.

The unaudited results of the group for the half-year to 30 June, 1977 with comparative figures are as follows:

	Half year to 30 June 1977 £'000	1976 £'000
Turnover	154016	130194*
Trading profit	6444	6238
Interest	2249	1906
	4195	4332
Associated companies	774	975
Profit before taxation	4969	5307
Taxation	2946	3065
	2023	2242
Minority interest	313	212
	1710	2030
Preference dividends	484	484
Available for ordinary shareholders	1226	1546
Interim ordinary dividend	1141	896
Supplementary interim ordinary dividend in respect of 1976	21	—
	1162	896

* restated

RESULTS

Turnover for the half year to 30 June 1977 showed an increase of 18% over the corresponding period of the previous year.

The Newspaper and Publishing groups achieved substantially higher trading profits. Travel, as anticipated, recorded a loss for the half year which except for 1975 and 1976 has been the pattern in the Travel group. Bookings for the summer season have recovered strongly but, as exceptional costs for currency guarantees have been incurred, the full year's profits from Travel, although they are likely to be better than we might have expected earlier in the year, will be significantly lower than in 1976.

The higher interest costs primarily reflect the servicing of the substantial capital investment programme presently in hand.

Subject to unforeseen circumstances, it is expected that the group's full year trading profit should not be less than last year.

THE TIMES

Financial responsibility for The Times continues to be borne by a Thomson family company and not by The Thomson Organisation Limited.

OIL OPTION

The Thomson Organisation Limited has not yet exercised its option to acquire 90% of the North Sea Oil interests held by Thomson Scottish Associates Limited (TSA).

Development of the Piper Field continues to progress satisfactorily and production is averaging approximately 250,000 barrels per day. Recoverable reserves of the Field are now estimated by DeGolyer and MacNaughton (independent consultants) at 695 million barrels against 642 million barrels referred to in the 1976 Report and Accounts.

The Secretary of State for Energy has authorised an increased rate of oil production from the Piper Field from approximately 250,000 barrels per day to approximately 300,000 barrels per day. Approval has also been given for the construction of a gas recovery scheme for the Piper Field which will increase the extraction of gas liquids and enable the recovery of dry gas to be made through a new pipeline to be linked to the Frigg pipeline system. The TSA share of the estimated cost of this gas recovery scheme is £17 million ($30 million).

Development of the Claymore Field also progresses satisfactorily and production is expected to commence late this year, building up to maximum output about eighteen months from the start of production.

Adequate financial resources are available for the estimated costs remaining to complete the Piper and Claymore developments.

A further programme of exploration drilling in the blocks licensed to the Occidental Consortium has recently commenced.

4 October 1977

WOOD & SONS (HOLDINGS) LIMITED

Earthenware Manufacturers

INTERIM STATEMENT (unaudited)

	Half-year ended 30th June 1977 £	1976 £	Increase	Year ended 31st December 1976 £
GROUP SALES	2,054,000	1,657,000	24%	3,616,846
GROUP OPERATING PROFIT	309,000	259,000		396,169
GROUP PROFIT BEFORE TAXATION	214,000	176,000	21%	209,692
GROUP PROFIT AFTER TAXATION	206,000	162,000	27%	193,651

"I am pleased to announce the half-yearly figures with the news that an interim dividend of 10% less income tax (.33p per share) will be paid on the issued *Ordinary Capital* of the Company. Warrants will be posted to shareholders on 7th November.

Our order books are full and we expect 1977 to be another year of record achievements."

H. FRANCIS WOOD, Chairman.

3rd October, 1977

Cape slips after asbestos setback

WHILE TURNOVER rose 20 per cent. to £78.8m. pre-tax profit of Cape Industries slipped 5 per cent. to £7.03m. in the six months to June 30, 1977.

Mr. R. H. Dent, chairman, says the small profit decline was despite a weakening world market for asbestos fibre combined with sharply rising production costs which adversely affected the mining division. Group interest charges were also higher at £1m. (£0.78m.).

Group profits owe much to the substantial advance in the automotive and engineering divisions, while the building and insulation division did well to maintain its earnings in depressed conditions.

Uncertainties in both home and world markets make it difficult to predict the outcome for the full year, Mr. Dent says.

Net interim dividend is lifted from 2.6404p to 2.9044p. Last year dividend totalled 7.3474p from profits of £14.2m. Earnings per ordinary 25p share are up from 16.3p to 17.3p.

	Half-year 1977 £000	1976 £000
Turnover:		
Building	40.494	32.754
Automotive, engineering	21.709	17.677
Mining	19.891	17.305
Less inter-group sales	3.510	1.904
Total	78.778	65.807
Trading profit:		
Building, insulation	3.501	2.405
Automotive, engineering	1.528	1.128
Mining	3.885	4.763
Share assocd. co. losses	123	157
Total	9.004	8.141
Interest	1.002	776
Profit before tax	7.032	7.365
Tax	2.570	3.441
Net profit	4.156	3.924
Extraordinary profit	4	*8
Pref. dividend	4	4
Ord. dividend	697	634
Retained	3.459	3.298

* Loss.

As reported on September 13 pre-tax profit jumped from £1.9m. to £3.9m. in the July 31 year, with total dividend at 10p against 1.5p per 25p share.

Offer documents for T. J. and J. Smith released yesterday show minor changes in HTV's balance sheet as at September 16. The HTV group (including Smith) had outstanding secured loans of £1.55m. (£1.33m.), unsecured loans of £311,600, unsecured bank overdrafts of £1.79m. (£797,273), hire purchase commitments of £10,908 and had given guarantees to third parties of £154,306.

The AGM is at Bristol on October 27 at 3.30 p.m.

HTV outlook clouded by economy

The prospects for HTV Group television operations for the immediate future continue to look promising, Lord Harlech, chairman, says in his statement with accounts.

But he says the U.K. economy is delicately balanced and if stagnation returned television, like any other industry would not prosper.

The fine art subsidiary, Frost and Reed, acquired in March 1976, would also suffer, although much of its business is overseas. He believes its £516,000 contribution last year will be difficult to maintain.

If it were not for the economic uncertainties Lord Harlech says he would take an optimistic view of HTV's prospects.

The group has recently acquired for £1.9m. T. J. J. Smith, publishers of diaries, stationery and related products.

He says the financial position of the group is stronger than last year and accounts show a £1.53m. increase in liquid funds (£437,619), stemming from a £1.29m. rise in short term deposits and bonds to £4.48m. and a £276,840 reduction in bank overdrafts to £490,433, offset by a £34,503 drop in cash in hand.

Burndene better than expected

MANUFACTURERS of caravans, mobile homes and clothing, and property developers, Burndene Investments reports pre-tax profits up from £483,863 to £579,801 for the year to May 28, 1977 on turnover of £10.8m. against £9.93m.

At midway when profits stood at £256,833 against £205,652, the directors said that the full year surplus should be about the same or a little higher than those for 1975-76.

Full year earnings are shown to be up from 2.7p to 3.4p per 5p share and the dividend is lifted from 0.91p to 1p net with a final of 0.5p.

An analysis by activity of pre tax profits and turnover shows (£000s omitted): Caravans and mobile homes £262 (£216) and £7,250 (£6,812); hosiery and knitwear £298 (£193) and £3,450 (£3,122); property £102 (£73) and nil (same). Administration costs absorbed £82.

The value of exports was £3.14m. (£2.75m.) with all going to European companies.

James Finlay anticipates good result

The directors of James Finlay and Company anticipate that for 1977 the company will show a good result to which the bulk of the profit centres will contribute, although higher selling prices for tea in the last 12 months have resulted in exceptional profit growth from the tea plantation activities in particular.

They feel that profits from the tea plantations interests will continue to be a significant factor in the short term. In the medium term it is to the re-investment of surplus liquidity that the company must look to balance out any future drop in tea plantation profits, which may come in years ahead, as tea growing inevitably returns to a lower level of profitability due to ever inflating costs and fiscal imposts in growing countries.

● NEWS ANALYSIS — TEA PLANTATION BIDS

Bargains in London

By James Bartholomew

The bid for Assam Frontier Tea which was announced yesterday, is the latest in a sudden flurry of bids in the tea plantation sector.

The immediate cause of the bids is that the tea companies have to agree the terms under which they are going to be "rupeeised" by mid-November. Under the Indian Foreign Exchange Regulations Act 1973, all foreign owned tea companies have to be registered in India and must give up at least 26 per cent. of their equity to residents of India.

In the case of Assam Frontier, it was proposed that the 26 per cent. should be sold to Shaw Wallace which is an associate of Sime Darby. Sime Darby is already the majority shareholder of Assam Frontier and so the plantation would become even more a part of the Sime Darby group. Therefore if anyone wanted to acquire Assam Frontier he would have to act before this plan went through.

In many cases the bids come from Indians in Britain who have friends and associates in India. One aspect of "rupeeisation" is that the company can designate to which local residents the 26 per cent. will be sold. Since the prices at which these shares are sold are fixed by the Reserve Bank of India and the prices are below market value, it is possible to channel shares at attractive prices to local friends or associates.

While "rupeeisation" has been the catalyst of the bids, their fundamental cause lies elsewhere.

The basic reason is that tea plantations carry a lower price on the London stockmarket than they do in India itself. Whereas an estate could be valued at, say, £700 per acre in India, the recent bids have had implied values of as little as £200 per acre.

The low value put on plantations in London is due to the many problems of investing there since the war. To begin with, there has been the constant fear of nationalisation. This has never in fact been realised. Under the "rupeeisation" rules tea is in a favoured position since most businesses have to surrender 60 per cent. of the equity into local hands. The fear remains however that further disposals to the locals will be enforced at a later stage.

Another factor making tea shares unattractive here has been overproduction of tea. New methods have multiplied the yields of plantations and the production of tea in Africa has been seriously developed. Meanwhile, the consumption of tea has not risen correspondingly. Britain was the main market and tea has been losing market share to coffee. As a result the price of tea has stayed low while costs have risen. Profits have suffered and investment interest disappeared almost completely.

Even when profits have been made there have been delays in remitting dividends in recent years. They come through eventually but sometimes two or three years late. Furthermore the tax rate has been above what U.K. companies are used to and extra duties are sometimes imposed as happened recently when an export duty was introduced.

Since last year the price of tea has soared on the back of the rocketing coffee price and the share prices of the tea companies have responded. But still the values put on them are well below the values back in India, and that is the root cause of the bids.

There appears to be no shortage of Indians with enough money to buy these companies. There is though to be a regular queue of suitors for the hand of Assam Frontiers despite the fact that Sime Darby effectively controls the company already. One broker reported having been asked by a stream of Indian clients for suitable take-over targets. But one of their problems is the exchange regulations of India which make the necessary export of capital difficult. And this is probably why the bids which are now appearing are from companies registered in England but having strong Indian connections.

Current Bids in the tea sector

Bidder	Target	Value
Wrengate	Assam Frontier	£4.3m.
Caparo Investments	Empire Plantations	£1.5m.
Caparo Investments	Singlo Holdings	£1.1m.
Jazerite	Deundi	£0.5m.
Buxa Douars Tea	Moran Tea Holdings	£1.4m.
Longbourne Holdings	British Indian Tea	£0.6m.

Reorganisation completed at Federated

Federated Chemical Holdings has just completed its second major reorganisation in three years, leaving it primarily a chemical trading company. The move to divest itself of the major part of its manufacturing interests was completed yesterday with the departure of Mr. Leonard Dowsett, the chief executive and deputy chairman.

Mr. Dowsett, who had been with Chemical Securities prior to the takeover by Greeff-Chemicals in 1974 which led to the name of Federated Chemicals for the new group, was primarily concerned with the manufacturing side.

These interests have now been considerably reduced. Federated's chairman, Mr. John Sparrow, said yesterday, "We are not against manufacturing as such but we are moving out of manufacturing areas which are unrelated to our main business as chemical traders."

In a statement accompanying the last accounts in June, Mr. Sparrow admitted that the programme of diversification into manufacturing "has overall resulted in loss. It has, therefore, been decided to reduce our commitments in manufacturing."

The first step was the sale of SOAB in 1976. Now negotiations are underway for the sale of Microfine Minerals and Chemicals. Also the Clonmel Chemicals Company has been merged with an Irish company with similar interests and Federated will retain a 40 per cent. interest.

The remaining manufacturing subsidiary K. and K. Plastics, is to be retained because the products it manufactures tie in closely with the group's plastics trading business. Two of its three factories have been re-equipped.

The moves complete the transformation of Federated first from an investment holding company in 1975 to a manufacturing and trading company, and now to a company specialising in chemicals trading.

Johnson & Barnes loss

An increased second half loss of £50,573 against £38,675 reversed the headway Johnson and Barnes made in the first half and left the company with a net deficit of £23,459 for the year to June 30, 1977 compared with £59,027 for the previous 12 months.

The loss which is after tax of £1,273 (£1,776) and extraordinary credits is shown to be equivalent to 1.79p (3.25p) per 12½p share and again there is no dividend. The last payment was one of 1.5640625p net made in 1975 since when there has been a one-for-one scrip.

Turnover of this knitted outerwear manufacturing company expanded from £1.81m. to £2.15m. during the year.

Guy Butler in Hong Kong

The London-based currency deposit and foreign exchange brokers, Guy Butler (International), with offices in Europe, the U.S., Middle East and South-East Asia, has formed a new company in Hong Kong.

It will be called Guy Butler (Hong Kong) and brings to nine the number of companies the group now has operating overseas.

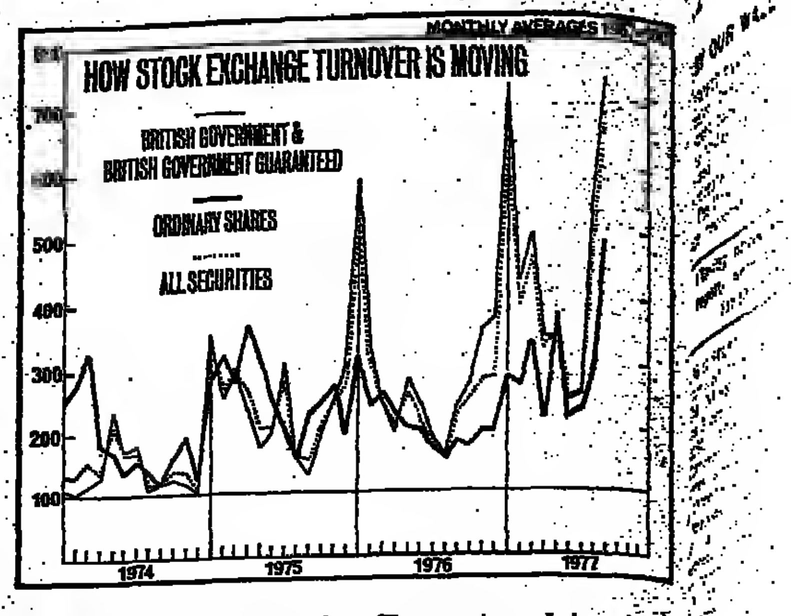
Mr. Peter Clayton, chairman and managing director of Guy Butler, has been appointed chairman of Guy Butler (Hong Kong). The other directors are Mr. B. J. Deeble, joint deputy managing director of Guy Butler (International), Mr. M. G. Young, who will manage the Hong Kong company, Mr. N. Speakman and Mr. T. Batkin. Mr. Clayton is also chairman of the Guy Butler International sister company Butler Till.

STOCK EXCHANGE BUSINESS IN SEPTEMBER

Equities set new record

BY RON PUTLAND

THE DRAMATIC fall in U.K. interest rates was the main factor in the continued demand for British funds during September and also helped trading in equities. Turnover reached new records in both sectors.



Turnover in all securities rose by £6.2bn., or 38 per cent., to an all-time peak of £22.37bn., surpassing the previous record of £20.4bn. in January last year. Reflecting the increased trade, dealings rose by 256,829, more than 51 per cent., to 727,924.

The FT turnover index for all securities in September jumped to 685.6 (from 496.7 in August) compared with the previous record of 625.4 in January.

Trade in gilt-edged last month rose by £4.5bn. to £17.6bn. with business fairly evenly divided between short-dated securities (£8.9bn.) and others (£8.7bn.).

The number of bargains in the shorts increase by 5,953 to 38,149, while dealings in gilt-edged as a whole rose by 38,266 to 116,746.

The average value per bargain in short-dated was lowered by £48,388 to £233,098, but in others was increased by £23,818 to £110,515.

The chief feature of stock markets during the month was the heavy demand for long-dated British funds on yield considerations.

With a background of sterling's firmness against the weak U.S. dollar and a continuing fall in domestic short-term money rates, buyers were tempted by the relatively high yields on offer at the long end of the gilt market.

Sentiment was also helped by pointers to a slowdown in the rate of inflation in the U.K. and by the recent heavy inflow of foreign money which was partly responsible for bringing yields on long-dated gilts down from 13 per cent. plus at the beginning of the month to just under 11 per cent. by Friday.

The Government securities index advanced 8.96, or 12.6 per cent., on the month to a 65-month peak of 79.85 on September 30.

Equities continued to follow in the slipstream of strong gilts and September produced record Ordinary share turnover of £2.75bn., up £1bn., which is well above its previous peak of £2.13bn. set last May and compares with the third highest figure of £2.09bn. recorded in May, 1972, the top of the previous boom period.

The number of bargains in equities soared by 173,571 to 541,320, with the average value per bargain rising by £487 to £5,082.

The FT turnover index for Ordinary shares was at a record 490.9 which compares with the 1976 average of 210.6 and the previous May 1972 peak of 431.8.

Although trade in equities was at a record level, share prices often recorded disproportionate movements to the actual amount of business, underlining the thin technical state of the market.

The FT Industrial Ordinary share index closed September at 520.7 for a rise on the month of 19.8 after having touched an all-time peak of 549.2 on September 14.

Category	Value of all purchases and sales £m.	% of total	Number of bargains	% of total	Average value per day £m.	Average value per bargain £	Average no. of bargains per day
British Government and British Government Guaranteed:							
Short dated (having five years or less to run)	8,892.4	39.8	38,149	5.3	404.2	233,098	1,734
Others	8,686.1	38.8	78,597	10.8	394.8	110,515	3,573
Irish Government:							
Short dated (having five years or less to run)	553.9	2.5	1,881	0.3	25.2	294,463	85
Others	560.4	2.5	8,326	1.1	25.5	67,309	379
U.K. Local Authority	516.8	2.3	10,874	1.5	23.4	47,438	494
Overseas Government, Provincial and Municipal	97.8	0.4	2,174	0.3	4.4	44,994	99
Fixed Interest stock, Preference and Preferred Ordinary shares	317.1	1.4	46,603	6.4	14.4	6,805	2,118
Ordinary shares	2,750.9	12.3	541,320	74.4	125.0	5,082	24,605
TOTAL	22,374.6	100.0	727,924	100.0	1,017.0*	30,738*	33,087*

* Average of all securities.

CONTRACTS AND TENDERS

TENDERS FOR CONTRACTS TO BE FINANCED BY THE WORLD BANK (LOAN NO. 1469-YU), EUROPEAN INVESTMENT BANK (EIB) AND EXPORT/SUPPLIER CREDITS FOR THE SECOND POWER TRANSMISSION PROJECT OF YUGOSLAVIA

ZAJEDNICA JUGOSLOVENSKE ELEKTROPRIVREDE (JUGEL)
(UNION OF YUGOSLAV ELECTRIC POWER INDUSTRY)
Coordinating Committee
Balkanska 13-15
11000 Belgrade
Yugoslavia

invites Tenders for the following Contracts to be financed by the World Bank and EIB (restricted to the World Bank Member Countries and Switzerland).

TENDER No. 1 — POWER TRANSFORMERS
12 Nos. 400 MVA, 400/231/31.5 kV POWER TRANSFORMERS
13 Nos. 300 MVA, 400/115/31.5 kV POWER TRANSFORMERS
1 No. 300 MVA, 400/115/31.5 kV POWER TRANSFORMER WITH ON-LOAD TAP CHANGERS

TENDER No. 2 — CIRCUIT BREAKERS AND ISOLATORS
241 Nos. CIRCUIT BREAKERS of voltages 400, 220 & 110 kV
751 Nos. ISOLATORS of voltages 400, 220 & 110 kV

Tender Documents could be obtained on payment of US $ 200 each for Tender 1 and Tender 2 to Account No. 60811-620-88-7191-000-10-2-1378 of Zajednica Jugoslovenske Elektroprivrede at the Yugoslav Foreign Bank - JUGOBANKA, Belgrade, stating "For The Second Power Transmission Project." This payment will not be refunded.

Tenders shall be received at the above mentioned address until 12.00 hrs on Friday, December 2, 1977, when they will be publicly opened and read. Tenders received after the time of Tender opening will be returned unopened.

JUGEL also invites Manufacturers/Suppliers to register their interest to bid on this Project for the following Tenders which will be issued during the month and year indicated against each.

A. WORLD BANK & EIB FINANCED CONTRACTS (restricted to the World Bank Member Countries and Switzerland)

Items	Financed by	Tender No.	To be issued on
—METERING TRANSFORMERS	The World Bank	3	Dec. 77
—LIGHTNING ARRESTERS	The World Bank	4	Dec. 77
—SHUNT REACTORS	The World Bank	5	Dec. 77
—RELAYS AND METERING EQUIPMENT	The World Bank	6	Dec. 77
—TELECOMMUNICATION EQUIPMENT (MICROWAVE RADIO-RELAY NETWORK)	EIB	7	June 78

B. EXPORT/SUPPLIER CREDITS FINANCED CONTRACTS

Items	Tender No.	To be issued on
—METERING TRANSFORMERS	SC-3	Dec. 77
—LIGHTNING ARRESTERS	SC-4	Dec. 77
—SHUNT REACTORS	SC-5	Dec. 77
—RELAYS AND METERING EQUIPMENT	SC-6	Dec. 77
—MICROWAVE RADIO-RELAY NETWORK AND OTHER TELECOMMUNICATION EQUIPMENT	SC-7	June 78
—TOWERS	SC-8	Dec. 77
—CONDUCTORS	SC-9	Dec. 77
—INSULATORS	SC-10	Dec. 77
—LINE HARDWARE	SC-11	Dec. 77

Registration letters should be sent to JUGEL at the above mentioned address.

TENDER FOR INSURANCES

[illegible]

ESTATES AND FARMS

RESIDENTIAL PROPERTY

COMPANY NOTICES

JERSEY EXTERNAL TRUST LIMITED

[illegible]

ANGLO AMERICAN COAL CORPORATION LIMITED

[illegible]

LEGAL NOTICES

[illegible]

PLANT AND MACHINERY

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Midway loss of 2 on profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Oct. 4.

PROFIT-TAKING concentrated in major Industrials brought Wall Street back from a firmer opening to-day, leaving prices looking mixed at mid-session after moderate trading.

The Dow Jones Industrial Average recorded a net reaction of

Closing prices and market reports were not available for this edition.

1.99 at 849.97 at 1 p.m., after being improved to 853.95 at 10.30 a.m. The NYSE All Common Index was 3 cents easier on balance at $52.91, after touching $53.06. Turnover amounted to 14.54m. shares, while gains led losses by a three-to-two margin.

Analysts cited continuing signs of a stronger-than-expected economy as the main reason for the recent rally, although they said the advance is being restrained by fears of further restrictions on credit by the Federal Reserve.

Leading actives included Zenith, down $1 at $13?, and Colgate-Palmolive, $¼ lower at $24?. Also on the downside, Foster Wheeler fell $1¼ to $27 and IBM $1⅝ to $260¾.

American Medicorp, which is resisting a take-over by Humana, declined $1 to $13¾, but Humana added $¼ to $21¼.

Following recent sharp losses, Savin advanced $1¾ to $34¼ and Nashua $1 to $20⅞ on bargain hunting.

U.S. Steel rose $1¼ to $29¼ and Kerr McGee $1 to $55¼.

THE AMERICAN SE Market Value Index, after rising to 119.29 at noon, showed a net gain of 0.12 at 119.08 at 1 p.m. Volume 1.42m. shares.

MONDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Savin Bus. Mach.	253,700	32⅞	−3⅞
Sony	221,500	5¼	−¼
American Medicorp	183,400	14¼	+¼
Xerox	151,000	54⅞	+1
Boruis	178,800	24¼	−⅛
U.S. Steel	170,600	28⅞	+⅞
Columbia Pictures	140,000	17⅛	+1
Texas Utilities	130,100	22¼	+⅛
American Tel & Tel	122,000	67¼	—
Intl Tel and Tel	120,200	32¼	+1

OTHER MARKETS

Canada irregular

Canadian Stock Markets also faltered after a firm start to display irregular movements at noon after a fairly active business. The Toronto Composite Index was just 0.1 down at 1,002.0 at mid-day, while Golds, good of late on rising Bullion prices, reacted 9.7 to 1,179.5. In contrast, Oils and Gas gained 1.6 at 1,236.3.

Canada Malting "A" climbed $1¼ to $25¼, and Alcan Aluminium added $¼ to $26¼, but Ulster Petroleum dropped 13 cents to 97 cents and American Eagle fell 18 cents to $1.37.

PARIS—Stocks were in firmer fettle.

Banks and Foods were strong, while Motors, Constructions and Electricals were steady to firm. Thomson-CSF, however, lost some ground following its sharp rise late Monday on the announcement of a free scrip issue.

BRUSSELS—Lower for choice.

Vieille Montagne receded Fr.40 to Fr.1,680 and Fabrique Nationale lost Fr.20 to Fr.2,570, but in brighter mood were La Royale Belge, Fr.30 higher at Fr.5,170, and Arbed, Fr.25 firmer at Fr.2,055.

U.K., Canadian and French issues declined, but Germans and most U.S. stocks were higher.

AMSTERDAM—Quietly firmer, reflecting Wall Street's rallying tendency of late.

Dutch Internationals hardened between Fl.0.10 and Fl.0.40. Elsewhere, OCE improved Fl.3 to Fl.142, while Ahold, Dell and Pakhoed all showed gains of at least Fl.1.50. Shippings, Banks and Insurances were narrowly mixed.

State Loans were barely changed. The 7¾ per cent. 20-year State Loan, open for subscription yesterday, met poor demand.

SWITZERLAND—After the recent good gains, the market saw some profit-taking and closed on an irregular note.

Oerlikon-Buehrle reversed an initial gain to end Sw.Frs.20 down on balance at Sw.Frs.2,360.

George Fischer were steady at Sw.Frs.790, the higher results having been largely discounted.

Dollar stocks and Germans pointed higher, while Dutch Internationals held steady.

OSLO—Banks and Industrials were slightly firmer, while Shippings and Insurances were quiet.

VIENNA—Continuing easier in light trading, with leading Industrials and Banks neglected.

COPENHAGEN—Industrials were mixed to lower and Banks fractionally easier, while Communications and Commodities were irregular.

STOCKHOLM—Easier-inclined.

SPAIN—Shares tended to soften, bringing the market index down 0.49 further to a new low for the year of 66.18. Petroleos lost 6.50 points to 190 and Olarra 5 to 103, but Sniace, 39, and Union Electric, 83.75, gained 1.50 apiece against the trend.

GERMANY—Market picked up strongly after Monday's losses, buoyed by domestic and foreign investor buying following the announcement of lower German September unemployment figures.

Insurances rose DM6 on average and Banks also advanced. In Chemicals, Hoechst gained DM1.60 to DM136.30 on expectations that 1977 earnings will not be as low as earlier anticipated.

Public Bond price movements ranged between gains to DM0.15 and losses to DM0.25, with the Regulating Authorities making only minor net intervention. Foreign Mark Loans were little changed.

MILAN—Industrial leaders showed selective gains in a thin business.

ANIC rose L8 to L189 and Snia Viscosa L9 to L700, although Pirelli lost L17 to L2,131.

AUSTRALIA—Interest centred on Gold and Tin stocks, which firmed markedly in otherwise mixed markets.

Central Norseman rose 10 cents to $A6.40 and Renison 50 cents to $A5.90.

Elsewhere in Minings, Pancontinental fell 30 cents to $A7.20 on its loss report. Conzinc Riotinto weakened 14 cents to $A2.40 and EZ Industries 10 cents to $A2.30, but Inter-Copper added 5 cents at 25 cents and North Broken Holdings 4 cents at $A1.22.

Among Industrials, BHP gained 2 cents to $A5.20, while News advanced 7 cents to $A1.82 and Pioneer Concrete 5 cents to $A1.25.

TOKYO—Stocks continued to weaken on the Yen's strength against the dollar. Volume 250m. shares (290m.).

Export-orientated Electricals fell across the board, with Sony losing Y60 to Y2,140, Victor Y60 to Y1,130, and Pioneer Y20 to Y1,650. Cameras and some Motors also lost ground, while Petroleums, after initially rising further, closed mainly lower on profit-taking.

Steel Mills were unsettled by the U.S. Treasury Department's ruling on Japanese Carbon steel-plate imports, with Kobe Steel shedding Y2 to Y90.

HONG KONG—The market was firmer in fairly active trading in line with overseas markets and in anticipation of the Jardine and Hong Kong Land results, expected shortly.

Hong Kong Bank and Wheelock Marden rose 10 cents each to $HK18.00 and $HK2.575 respectively, while Hong Kong Land, $HK6.95, and Jardine Matheson, $HK14.30, gained 20 cents apiece. Swire Pacific improved 15 cents to $HK6.40 and Hutchison 2.50 cents to $HK3.20.

JOHANNESBURG—Gold shares, after a quietly firm start, reacted on profit-taking to finish on a mixed note.

Financial Minings mostly held the previous day's levels in a light trade. Coppers were higher but Asbestos issues were around 10 cents lower.

Industrials produced scattered gains, with Protea rising 8 cents to R1.02 and Rembrandt 10 cents to R3.15. Sugars had C. G. Smith 40 cents higher at R6.20 and Huletts up 12 cents at R2.12.

Dollar improves

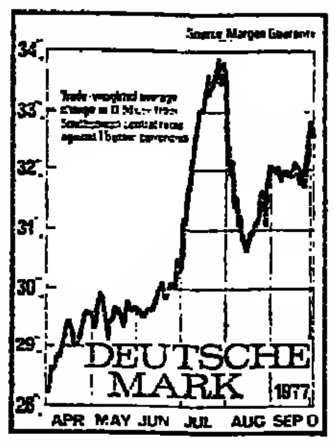
The U.S. dollar was slightly firmer in the foreign exchange market yesterday following further heavy intervention by the European central banks. Its trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by Morgan Guaranty of New York, narrowed to 1.13 per cent. from 1.29 per cent. The dollar improved to Y260.8 against the Japanese yen from Y260.60, and to DM2.2990 in terms of the German D-mark from DM2.2905.

The Canadian dollar fell to a low point of 92.34½ U.S. cents, before closing at 92.55½, compared with 92.82½ previously.

The dollar's partial recovery also helped to push up sterling's trade-weighted index on the basis of the Washington Agreement. This was steady at 62.4 throughout, on Bank of England figures, compared with 62.3 previously. The pound touched a high point of $1.7566-1.7570 against the dollar, helped by a further large rise in the official reserves last month, but may have suffered towards the close from expectations of the further cut in U.K. interest rates this week, as it eased to $1.7553-1.7557, a fall of 4 points on the day.

Forward sterling remained firm, with the three-month premium against the dollar widening to 0.65 cents from 0.47 cents.

Gold fell $¼ to $154¾-155¼, ahead of the gold auction by the International Monetary Fund.



CURRENCY RATES

	Special Drawing Rights October 3	European Unit of Account October 3
Sterling	0.665733	0.655119
U.S. dollar	1.16696	1.15072
Canadian $	1.25944	1.23750
Austria Sch.	19.1330	18.8143
Belgian franc	41.5507	40.9024*
Danish krone	7.15271	7.04685
Deutsche mark	2.67727	2.63429
Dutch guilder	2.85751	2.80583
French franc	5.67598	5.58178
Italian lira	1029.27	1015.15
Japanese yen	306.411	299.651
Norway krone	6.41649	6.30480
Spain peseta	96.8192	27.2708
Swed'sh krona	5.61101	5.52417
Swiss franc	2.72531	2.65212

*Rate for convertible franc. Financial franc 41.5909

EXCHANGE CROSS-RATES

Oct. 4	Frankfurt	New York	Paris	Brussels	London	Amsterdam	Zurich
Frankfurt	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New York*	43.67-69	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	211.97-2.47	4.9765-85	—	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	15.47-.1	35.65-.8	[illegible]	—	[illegible]	[illegible]	[illegible]
London	4.034-.04	1.7553-57	[illegible]	[illegible]	—	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	—

*U.S. $ in Montreal [illegible]. Canadian $ in New York [illegible]. Sterling in Milan [illegible].

EURO-CURRENCY INTEREST RATES*

Oct. 4	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
Short term	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7 days notice	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Month	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Three months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Six months	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
One year	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Euro-French deposit rates: two-day [illegible] per cent.; seven-day [illegible] per cent.; one-month [illegible] per cent.; three-month [illegible] per cent.; six-month [illegible] per cent.; one year [illegible] per cent.

Long-term Eurodollar deposits: two years [illegible] per cent.; three years [illegible] per cent.; four years [illegible] per cent.; five years [illegible] per cent. nominal closing rates.

The following nominal rates were quoted for London dollar certificates of deposit: one-month [illegible] per cent.; three-month [illegible] per cent.; six-month [illegible] per cent.; one year [illegible] per cent.

*Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs.

GOLD MARKET

Oct. 4		
Gold Bullion (fine ounce)	[illegible]	[illegible]
Close	$154¾-155¼	$155-155½
Opening	$155½-156	[illegible]
Morning fixing	$155.50	$155.45
Afternoon fixing	$155.175	$155.325
Gold Coins, domestically		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
Gold Coins, internationally		
Krugerrand	[illegible]	[illegible]
New Sovereigns	[illegible]	[illegible]
Old Sovereigns	[illegible]	[illegible]
$20 Eagles	[illegible]	[illegible]

FOREIGN EXCHANGES

Oct. 4	Day's spread	Close
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible].

OTHER MARKETS

[illegible]

Rate given for Argentina is free rate.

FORWARD RATES

	One month	Three months
New York	[illegible]	[illegible]
Montreal	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]
Brussels	[illegible]	[illegible]
Copenhagen	[illegible]	[illegible]
Frankfurt	[illegible]	[illegible]
Lisbon	[illegible]	[illegible]
Madrid	[illegible]	[illegible]
Milan	[illegible]	[illegible]
Oslo	[illegible]	[illegible]
Paris	[illegible]	[illegible]
Stockholm	[illegible]	[illegible]
Vienna	[illegible]	[illegible]
Zurich	[illegible]	[illegible]

Six-month forward dollar [illegible]. 12-month [illegible].

Indices

NEW YORK—DOW JONES

	Oct. 3	Sept. 30	Sept. 29	Sept. 28	Sept. 27	Sept. 26	1977 High	1977 Low	Since compilation High	Since compilation Low
Industrial	851.96	847.11	840.09	834.72	835.65	841.65	999.75 (3/1)	834.72 (22/9)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	95.42	95.45	95.40	95.46	95.44	93.36	95.87 (7/9)	90.66 (7/3)	—	—
Transport	216.01	215.48	215.15	213.38	213.19	214.01	246.64 (12/5)	212.75 (21/9)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	113.62	113.25	112.37	112.15	111.98	111.87	118.67 (22/7)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	18,460	21,170	21,160	17,860	18,080	18,230	—	—	—	—

* Basis of index changed from August 24

	Sept. 30	Sept. 23	Sept. 16	Year ago (approx.)
Ind. div. yield %	5.32	5.37	5.25	3.92

STANDARD AND POORS

	Oct. 3	Sept. 30	Sept. 29	Sept. 28	Sept. 27	Sept. 26	1977 High	1977 Low	Since Compilat'n High	Since Compilat'n Low
*Industrials	106.47	106.22	105.49	104.88	104.73	104.87	118.92 (3/1)	104.54 (26/9)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	96.74	96.53	95.86	95.61	96.24	95.38	107.00 (3/1)	95.04 (26/9)	125.85 (11/1/73)	4.40 (1/6/32)

	Sept. 28	Sept. 21	Sept. 14	Year ago (approx.)
Ind. div. yield %	4.22	4.67	4.60	3.86
Ind. P/E Ratio	9.45	9.40	9.56	11.27
Long Govt. Bond yield	7.64	7.62	7.52	8.23

N.Y.S.E. ALL COMMON

Oct. 3	Sept. 30	Sept. 29	Sept. 28	1977 High	1977 Low
52.84	52.61	52.44	52.14	51.07 (4/1)	52.07 (26/9)

Rises and Falls	Oct. 3
Issues Traded—1,872	Up—844
Down—573	Same—455
New Highs—43	New Lows—20

MONTREAL	Oct. 3	Sept. 30	Sept. 29	Sept. 28	1977 High	1977 Low
Industrial	184.27	184.06	[illegible]	[illegible]	[illegible]	[illegible]
Combined	175.18	172.71	[illegible]	[illegible]	[illegible]	[illegible]
TORONTO Composite	1002.1	1000.1	996.9	991.1	[illegible]	[illegible]
JOHANNESBURG Gold	185.5	182.7	185.1	186.8	[illegible]	[illegible]
Industrials	205.1	205.5	201.9	200.7	[illegible]	[illegible]

	Oct. 4	Pre-vious	1977 High	1977 Low
Australia	427.74	[illegible]	[illegible]	[illegible]
Belgium	95.05	95.14	[illegible]	[illegible]
Denmark	[illegible]	101.90	[illegible]	[illegible]
France	55.5	55.2	[illegible]	[illegible]
Germany	775.4	767.8	[illegible]	[illegible]
Holland	[illegible]	[illegible]	[illegible]	[illegible]
Hongkong	420.40	420.01	[illegible]	[illegible]
Italy	65.22	65.26	[illegible]	[illegible]
Japan	356.57	353.99	[illegible]	[illegible]
Singapore	259.39	260.31	[illegible]	[illegible]

	Oct. 4	Pre-vious	1977 High	1977 Low
Spain	66.18	[illegible]	[illegible]	[illegible]
Sweden	353.44	341.95	[illegible]	[illegible]
Switzerl'd	316.4	316.6	[illegible]	[illegible]

Indices and base dates (all base values 100 except NYSE All Common—50; Standards and Poors—10 and Toronto 300-1000, the last named based on 1975). [illegible] Investment premium based on $2.60 per £—90½% (89¼%).

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ● Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. $ Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including [illegible]. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. w Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. ∆ Interim since increased.

OVERSEAS SHARE INFORMATION

NEW YORK

Stock	Oct. 3	Sept. 30
Abbott Labs	52½	61¼
[illegible]	[illegible]	[illegible]

Stock	Oct. 3	Sept. 30
Corning Glass	63⅝	63¼
CPC Int'n'tional	54⅝	54⅞
Crane	27¼	27½
[illegible]	[illegible]	[illegible]

Stock	Oct. 3	Sept. 30
Johns Manville	32¾	[illegible]
Johnson Johnson	75⅞	[illegible]
Johnson Control	24⅛	[illegible]
Joy Manufactur'g	35	[illegible]
[illegible]	[illegible]	[illegible]

CANADA

Stock	Oct. 3	Sept. 30
[illegible]	[illegible]	[illegible]

GERMANY ◆

Oct. 4	Price DM	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AMSTERDAM

Oct. 4	Price Fls.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COPENHAGEN ♣

Oct. 4	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

VIENNA

Oct. 4	Price %	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOKYO ¶

Oct. 4	Prices Yen	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Nikko Securities, Tokyo

BRUSSELS/LUXEMBOURG

Oct. 4	Price Frs.	+ or −	Div. Net	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWITZERLAND ●

Oct. 4	Price Frs.	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

MILAN

Oct. 4	Price Lire	+ or −	Div. Lire	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AUSTRALIA

Oct. 4	Aust. $	+ or −
[illegible]	[illegible]	[illegible]

PARIS

Oct. 4	Price Frs.	+ or −	Div. Frs.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

STOCKHOLM

Oct. 4	Price Kronor	+ or −	Div. Kr.	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OSLO

Oct. 4	Price Kroner	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BRAZIL

Oct. 4	Price Cruz	+ or −	Div. %	Yld. %
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Vol. [illegible]. Source: Rio de Janeiro SE.

JOHANNESBURG

MINES

Oct. 4	Rand	+ or −
[illegible]	[illegible]	[illegible]

INDUSTRIALS

Oct. 4	Rand	+ or −
[illegible]	[illegible]	[illegible]

SPAIN ♥

Oct. 4	Per cent.	+ or −
[illegible]	[illegible]	[illegible]

INTERNATIONAL FINANCIAL AND COMPANY NEWS

AMERICAN NEWS

Car makers optimistic

BY STEWART FLEMING

NEW YORK, Oct. 4.

STILL IN AN optimistic mood in spite of Wall Street analysts forecasls of a slowing in car sales soon, the big three U.S. car manufacturera are projecting a 10 per cent. increase in production inthe fourth quarter of this year, and near record sales in 1978.

The comparison with last year's fourth quarter is deceptive to some extent since production was hit then by a six week atrike against Ford Molor, the target company as the United Auto Workers negotiated a new three year wage contract.

Nevertheless the industry's fourth quarter production forecasts are above the levels which it is estimated would have been reached last year in the absence of a strike.

Industry projections are that U.S. manufacturers will sell between 2.3m. and 2.4m. units in the fourth quarter compared with 2.1m. units in the third quarter.

For next year as a whole, General Motors Corporation, the largest U.S. manufacturer, continues to be the most optimistic, predicting that U.S. car sales including imports will hit a record 11.7m. units compared with the previous record in 1973 of 11.4m. Ford is forecasting sales close to the projected 1977 level of 11.2m. while Chrysler, the third big manufacturer is predicting 11.4m. units next year.

Some industry analysts, by contrast, are predicting that industry aales could decline by 5 to 10 per cent. next year which would produce unit sales figures of between 10.4m. and 10.7m. units.

Some of the uncertainty about the next 18 months reflects questions about how the U.S. consumer will respond to new style changes now being introduced which are reducing the exterior size and the weight of many of the larger modela.

Another uncertainty for the U.S. manufacturers is the impact of foreign imports on their market share, particularly small car imports from Japan which have been growing very strongly.

Already there is evidence that the U.S. manufacturers are preparing to mount what they hope will be a more effective challenge to Japanese imports. Thus both General Motors and now Ford are reducing the effective prices of some of their small car models overall, and also reducing them more sharply in the Western U.S. States where Japanese car penetration has been strongest.

The cars affected include General Motors, smallest sub-compact the Chevette, and Ford's sub-compact models like the Pinto bobcat and Mustang II.

Ford's Fiesta, which has just recently gone on sale in the U.S. having been imported from Europe, is still selling at a premium over its nearest U.S. built competitor, the Chevette.

Terms fixed for Tenneco

BY OUR OWN CORRESPONDENT

TENNECO. THE industrial conglomerate, has agreed terms with Philadelphia Life Insurance on a revised offer by which Tenneco will acquire the 76 per cent. of the Philadelphia Life stock it does not already own.

The companies said the acquisition would be effected through a tax-free reorganisation in which Philadelphia Life holders would receive 0.25 shares of Tenneco's new $7.40 voting preference stock for each Philadephia Life Ordinary share outstanding.

American Express which originally made a competing offer to the Tenneco proposal said it was not planning a new offer.

Philadelphia has about 10m. shares outstanding and Tenneco has interests in pipelines, chemicals manufacturing and oil.

It is only one of a number of industrial or consumer goods-orientated companies which have recently announced plans to try and diversify into the life assurance field.

Siemens in $22.5m. deal

ADVANCED MICRO Devices of Sunnyvale, California and Siemens of Germany announced that they signed a memorandum of intent under which Siemens will acquire 500,000 newly issued Advanced Micro Devices common shares for $22.5m. or $45 a share, AP-DJ reports from New York.

These 500,000 shares would represent about 17 per cent. of Advanced Micro's outstanding common stock.

The memorandum contains provisions restricting Siemens' ability to increase its interest in Advanced Micro above 20 per cent.

The memorandum also calls for the two firms to establish a joint venture for microcomputer systems, enter into a technological exchange programme covering design and manufacture of integrated circuits, and stipulate marketing arrangements.

The venture, with facilities in the U.S. and in Germany, will design, manufacture and market on a worldwide basis "a full complement" of microcomputer systems and related products, the company said. The venture is to be 60 per cent. owned by Siemens and 40 per cent. by Advanced Micro Devices.

Court decision jolts AT and T

A COURT decision is confronting American Telephone and Telegraph Company (AT and T) with a serious competitive threat, AP-DJ reports from Washington.

Until now, AT and T's main regulatory concern has been with Federal Communications Commission (FCC) orders opening the way for its Bell System customers to buy telephones, switchboards and other terminal equipment from non-Bell suppliers.

The Federal Appeals Court here, however, has jolted both AT and T and the FCC by suggesting that AT and T might not be entitled to its overall monopoly in long-distance telephone services, unless it can demonstrate that its exclusive rights to link 'phone customers are in "the public interest."

The Court did not attempt to answer on its own whether AT and T's overall monopoly is or is not justified, saying the FCC should decide that question. For its part, the Commission, along with other petitioners including AT and T, has asked the Supreme Court to reverse the Appeals Court decision, and the Agency will not take any action on the question until the High Court rules.

EUROBONDS

Sharp fall in dollar secondary market

By Mary Campbell

THE DOLLAR secondary market fell sharply yesterday in reaction to the sharp rise in Eurodollar interest rates. Eurodollar rates were up around a quarter of a point and Eurodollar bond prices fell by between an eighth and three-eighths.

Turnover was well up on Monday's levels, but a major feature was the absence of buyers, dealers said. The extent to which trading was professional is not clear—one market maker said it was all professional, another that he had seen some significant client selling.

Part of the problem is that the rise in Eurodollar interest rates comes on top of a weak currency. As one dealer put it: "The dollar is weak, so investors do not want to buy new paper; interest rates are up so they want to sell what they already hold."

The English issues were particularly badly hit yesterday. The reason for this was not clear though some suggested that it was because they have held up better than the market in general so far.

Among the recent issues both tranches of Citicorp's $300m. issue fell to about 97⅞-8¼.

Given yesterday's generally depressed market conditions, no one was very enthusiastic about the new issues which came out. These were $100m. for ENEL (the Italian State electrical utility) and $25m. for City Investing.

The $100m. for ENEL offers 8 per cent. for five years on a 99½ per cent. pricing to give an indicated yield of 8.13 per cent. A sinking fund will operate from the start of the issue to cut the average life to 3.8 years. S. G. Warburg is lead manager.

City Investing's $25m. issue offers an indicated 9 per cent. for 12 years (average life 9.76 years). Blyth Eastman Dillon is lead manager. City Investing has bonds outstanding on the New York market which are rated double-B.

BONDTRADE INDEX

	Y'day.	Monday
Convertible	109.57	109.45
Long term	95.83	95.86
Medium term	102.41	102.42

GEC ship purchase

GENERAL ELECTRIC Credit Corporation, a General Electric Company unit, said it purchased Seatrain Lines' TT Stuyvesant supertanker for $120m., Reuter reports from Stamford.

Lower sales at Hoechst

BY GUY HAWTIN

FANKFURT, Oct. 4.

THE WEST German chemicals industry appears to be having a thin time in 1977, especially when compared to last year's powerful recovery. Sales have not lived up to expectations and, at the same time, there seems to have been pressure from rising costs.

Hoechst, the first of West Germany's "big three" to report on first half performance, is likely to be typical of the industry. As its chief executive, Professor Rolf Sammet, said, 1977 has given the group little cause for jubilation.

According to Prof. Sammet, the chemical industry's production rose by only 2 per cent. in the first quarter and then stagnated in the second quarter. This compares very unfavourably with the average output growth for production industry as a whole, which went up by 6 per cent. in the first three months of the year and by 3 per cent. in the second. It also means that the chemical sector's performance is likely to lag substantially behind this year's estimated 3.5 per cent. increase in Gross National Product.

The weakness in demand can be clearly seen in the sales figures of the Hoechst concern. Turnover for the first eight months—January to August—totalled DM8.33bn. (£2.07bn.), ½ per cent. down on the performance in the same period of 1976. Home sales were off a full 1 per cent. at DM4.08bn., while exports showed a decline of 0.8 per cent. at DM4.25bn.

In July and August, admittedly never the strongest of months, the utilisation of capacity fell beneath the 70 per cent. mark. But to put this in perspective, this is nowhere near as low as the levels recorded at the depth of the 1975 recession.

Furthermore, Professor Sammet stated that, despite stagnating turnover and pressure from rising costs, it was hoped that a "drastic decline in profits" could be prevented. However, it was obvious that for the 1977 business year as a whole, a decline in pre-tax profits could not be avoided. The third quarter's earnings were below that of the second quarter.

This, however, did not mean that shareholders' real earnings would decline, Professor Sammet emphasised. The change in West German corporation tax meant that even if profits remained the same, there would have to be a reduction in nominal dividend; naturally the same was true if earnings declined. However, with their new tax benefits under the reformed system, Hoechst shareholders would receive higher real earnings.

Prospects for the fourth quarter of 1977 look somewhat brighter, according to the Professor. The final three months of the year were expected to be more positive because the comparable period of 1976 had already reflected the weakening basis of business.

Currency fluctuations (particularly the increase of the D-mark against the dollar) caused the West German chemicals industry considerable problems. They had not only hit German exports, said Professor Sammet, but they had also enabled more and more foreign competitors to enter the West German market.

Capital investment in 1977, he said, would total DM1.6bn. world-wide, while projects started during the year were worth about DM1.65bn., but the greatest proportion of these would show in 1978's capital investment figures. This was a DM400m. advance on the value of project starts in 1976. Furthermore, the total volume of projects to be taken in hand in 1978 was expected to be worth DM2bn.

In 1978 the group was to embark on a major investment undertaking in the U.S. American Hoechst Corporation was expected to construct a styrol plant, with a capacity of 400,000 tonnes a year, at Bayport, Texas. A low pressure polyethylene plant, with a 100,000 tonnes a year capacity, was also planned for the same site.

Share sales by Fearnley & Eger

BY FAY GJESTER

OSLO, Oct. 4.

THE FEARNLEY and Eger shipping group, one of several major Norwegian shipping concerns now facing serious liquidity problems, has been selling its shareholdings in Norwegian industrial companies to help it meet its obligations to creditors.

The group is understood to have held substantial stakes in three leading Norwegian companies — Elkem-Spigerverket, Orkla Mining and Dyno Industrier. Its sales of shares in these companies reportedly contributed to a marked fall in share values on the Oslo stock market during September.

Values were weakened anyway by Labour's victory in the election, and the indices for bank, insurance, shipping and industrial shares all hit new lows for the year during the month. Elkem-Spigerverket was quoted at Kr.60 per share on September 30, compared with Kr.75 on September 1. Dyno fell from Kr.195 to Kr.170 and Orkla ended the month at a low for the year of Kr.50 per share.

Fearnley and Eger's chairman, shipowner Nils J. Astrup, said yesterday that proposals were being formulated for an overall settlement of the group's financial problems. A meeting with creditors would be held in London next week.

Meanwhile, the president of the Norwegian Shipowners' Association, Mr. Charles Bergesen, is expected to present a gloomy picture of the outlook for the shipping industry generally in his report to the Association's annual meeting here this week. He will point out that many Norwegian shipowners are already in trouble as a result of the world shipping crisis, which has cut freight earnings, steeply reduced the value of fleets and forced many companies to pay shipyards heavy compensation for cancelled shipbuilding contracts. Should the crisis continue for a further two to three years many more Norwegian owners will be in serious economic difficulties, he will tell the meeting.

The Shipowners' Association has appealed to the Industry Ministry to give financial assistance to a pilot project aimed at promoting increased scrapping of old ships.

If such scrapping could be accelerated, the Association points out, it would help both shipowners and shipbuilders in the current crisis. It adds that older ships also represent a bigger pollution risk than modern tonnage.

Setback for Van Ommeren

By A Correspondent

AMSTERDAM, Oct. 4.

VAN OMMEREN, the Dutch shipping, transport and storage group, saw its gross earnings decline sharply in the first six months of 1977 from Fls.33.7m. to Fls.24.4m. The net profit increased from Fls.1.8m. in 1976 to Fls.2.4m. this year. The interim dividend will be passed, as was the case last year, the company said in a statement published in Rotterdam.

The setback occurred mainly in the shipping sector. Due to the persistently unfavourable market, the results of both the ocean and inland tankshipping sectors have been under pressure. In certain segments this led to operating losses.

Results from agency activities and income from participations increased.

Profits rise at Svenska Handelsbanken

BY WILLIAM DULLFORCE

STOCKHOLM, Oct. 4.

SVENSKA HANDELSBANKEN, one of Sweden's two largest private commercial banks, reports a Kr.5m. increase in operating profit to Kr.357m. (£42m.) for the first eight months of this year.

The interim report states that 1977 earnings will be roughly the same as the Kr.546m. recorded last year, if the current tight situation for loans and deposits continues. This would imply that after this year's increase in share capital Handelsbanken would not maintain last year's return on equity of close to 14 per cent.

Income rose by 10 per cent. compared with the first eight months of 1976 to Kr.860m., while costs grew by 16 per cent. to Kr.503m. Staff costs were up by 13 per cent. as a result of salary increases and higher social security payments.

The rise in net interest income was no more than 4 per cent. despite an 8 per cent. rise in the business volume. This was due to a decline in placement margins from 2.67 per cent. in 1976 to 2.56 per cent., occasioned mainly by a loss of 0.3 per cent. in relation to the financing costs on the Bank's obligatory Kr.5bn. holding in housing bonds.

The Bank's commitments to Swedish companies in financial crisis "can probably be wound up without any great loss," it is stated, but the management expects losses on loans to be rather higher than they were in 1976.

The interim report notes that the Bank's issue of index-tied shares has been received with great interest. The Bank is making a bonus issue of one-for-seven accompanied by a new issue of one index-linked share for every seven at a price of Kr.125 against a par value of Kr.100.

Thomson-CSF scrip issue

PARIS, Oct. 4.

THOMSON-CSF SA said it will make one-for-seven scrip issue, reports Reuter.

First half 1977 profit before tax but after depreciation rose to Frs.125m. from Frs.73m. in the same 1976 period.

First half group consolidated sales rose 16 per cent. over first half 1976.

The company gave no further details of the share issue beyond saying it will take place before the end of the year.

The present capital is Frs.374.92m. The Frs.70 nominal shares yesterday closed Frs.7.50 higher on the Paris bourse at Frs.169.59.

The company later added that the new shares will rank from January 1, 1977.

Consolidated sales for the whole year of 1977 should be around 13 per cent. up from 1976's Frs.7.81bn.

Belgian bond rates held

THE RATE on Belgian four-month bond-fund papers, the so-called Certificats du Fonds des Rentes, was left unchanged at 6.25 per cent. at yesterday's auction, according to a communique from Banque Nationale de Belgique. Rates on one, two and three-month treasury certificates also remained unchanged at 5.75 per cent., 6 per cent. and 6.25 per cent.

The announcement is widely seen as indicating that at today's Central Bank board meeting, the bank's key lending rates, the official Discount and Lombard, will be left unchanged at 6 per cent.

Lindt buys CFC stake from Perrier

THE SWISS chocolate company Lindt and Spruengli AG, of Kilchberg, has acquired from the French mineral water concern, Perrier, a majority stake in consortium Francais de Confiserie (CFC) reports John Wicks. This company has for the past 23 years produced Lindt chocolate under a licence agreement, as well as making chocolate with the trade-mark "Rozan."

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	100½	101½
AMEV 8pc 1987	98½	99
Australia 8½pc 1992	98½	99½
Australian M. & S. 9½pc '92	100	100½
Barclays Bank 8¾pc 1992	99½	100½
Bowater 9½pc 1992	102½	103
Can. N. Railway 8¾pc 1986	101½	102
Credit National 8¾pc 1986	99½	100
Denmark 8¾pc 1984	102	102½
ECS 9pc 1995	101½	101¾
ECS 8¾pc 1997	99½	99¾
EIB 8¾pc 1992	100½	101½
EMI 9½pc 1989	101	101½
Ericsson 8¾pc 1989	100½	101½
Esso 8pc 1986 Nov.	103½	104
Gt. Lakes Paper 8¾pc 1984	100¾	101½
Hamersley 9¾pc 1992	101½	102½
[illegible]	[illegible]	[illegible]

	Bid	Offer
GZB 1981 7¾pc	100½	100¾
Intl. Westminster 1984 6pc	98½	99½
Lloyds 1983 7¾pc	100½	100¾
LTCB 1983 6¾pc	98½	98¾
Midland 1982 8pc	102½	103
Midland 1987 8 9/16pc	97½	98½
NKB 1983 6¾pc	99½	99¾
SNCF 1985 6½pc	97½	98
Stndd. and Chrtrd. '84 6¾pc	98½	99
Wms. and Glyns 1984 6pc	99½	99¾

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	82	84
Ashland 5pc 1988	92½	94½
Beatrice Foods 4¼pc 1992	95½	97½
Beatrice Foods 4½pc 1992	110½	112½
[illegible]	[illegible]	[illegible]

	Bid	Offer
Nabisco 5¼pc 1988	100	102
Owens Illinois 4½pc 1987	123½	125½
J. C. Penney 4½pc 1987	78	80
Revlon 4¼pc 1987	114	116
Reynolds Metals 5pc 1988	91½	93½
Sperry Rand 4¼pc 1987	86	88
Squibb 4¼pc 1987	79½	81½
Texaco 4¼pc 1988	82	84
Toshiba 6¾pc 1990	110	111½
Union Bank Swiss 4½pc 1987	115½	116½
Union Carbide 4½pc 1982	[illegible]	98
Warner Lambert 4¼pc 1987	81½	83½
Warner Lambert 4½pc 1988	79	81
Xerox 5pc 1988	84	86

Source: Kidder, Peabody Securities.

NOTES / D-MARK BONDS / FLOATING RATE NOTES	Bid	Offer
[illegible]	[illegible]	[illegible]

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Rate fall benefits East Germany

By Francis Ghilès

EAST GERMANY is benefitting from the fall in interest rates as terms for the latest loan to Aussenhandelsbank show—$20m. for six years with a spread of 1¼ per cent. over Libor for the first three years rising to 1½ per cent. for the last three. The same borrower is presently seeking $150m. with a split rate of 1¼ per cent. over Libor.

Not all banks are convinced that this borrower warrants such a fall in spreads. In comparison, the $150m. six-year loan to Intrac Handelsgesellschaft, East Germany's foreign trade agency, carries a spread of 1¼ per cent.

This is the first time this borrower has raised money on the market, which means that the trend developing in East Germany has followed that in Poland, with more than one state agency entitled to borrow in the West. However, unlike the recent loan to the Polish copper company which did not carry a guarantee from Bank Handlowy, the Polish bank which does most of the country's borrowing abroad, the loan to Intrac does carry an Aussenhandelsbank one.

Managers of the loan to Intrac are Osterreichischen Girozentrale, First Chicago and Orion.

Norwey can still command the finest terms in the market, as witnessed by the latest loan for Ekofisk which is now in the market: $300m. for ten years, carrying a split spread of ¾ per cent. over Libor for the first three years, rising to ⅞ per cent. for the last seven. The loan carries a four-year grace period, and fees are understood to be in line with those normally practised for Norwegian borrowers. Lead managers are Citicorp and Société Générale de Banque.

Chase Manhattan Asia Ltd. is lead managing a $73m. loan to the Taiwan Power Co. The balance of this credit, which totals $212m., is made up of Exim credits and the proceeds are earmarked for the purchase of U.S. generating equipment.

The syndicated credit comes in two tranches: one of $20m. for nine years bearing a spread over Libor of 1⅜ per cent., and one of $53m. bearing a spread of 1 per cent. for the first three years rising to 1⅛ per cent. for the last four.

Mexico continues to borrow, albeit in relatively small sums. Crédit Commercial de France is lead managing a group of banks which is lending Comision Federal de Electricidad $20m. for three years at a spread of 1⅞ per cent. This is in line with terms of recent credits for Mexico, such as the recent $50m. seven-year loan to Pemex, the state oil company, from Bank of Montreal, where the spread is understood to have been 1⅞ per cent. over Libor.

Pioneer Concrete scrip issue as earnings soar

BY JAMES FORTH SYDNEY, Oct. 4

PIONEER CONCRETE Services, the international pre-mixed concrete and quarrying group, plans a one for eight free scrip issue following a 46 per cent. boost in 1976-77 earnings, from $A10m. to $A14.6m. The dividend is held at 10 cents a share, and the directors expect to maintain this rate on capital increased by the scrip issue.

Group revenue rose 21 per cent. from $A260m. to $A315m. Profit as a percentage of sales rose from 3.9 per cent. to 4.9 per cent. Earnings per share jumped from 13.8 cents to 20 cents.

Despite the gain, the second half was less buoyant than in the first six months. Profits in the December half jumped 60 per cent., but increased 41 per cent. in the June half year.

The directors said the improvement was highlighted by a marked recovery in the contribution from overseas operations. There was also a dramatic, but less significant, improvement in the Australian group result.

The principal operating divisions in Australia—pre-mixed concrete and quarrying, sustained output at levels slightly higher than in 1975-76 but this was seen as a minor adjustment to the extremely low levels of demand in the past two years rather than any sustained recovery in the building industry.

There has been a growing emphasis on supply to the housing and public works sectors of the Australian market over the past three years while industrial and commercial activity had largely been dissipated, with no sign of a revival at present. The level of the current year's activity would again be largely determined by the demand in the housing and public works sector, although there was now some evidence of development of new mining ventures. The Government's strategy in the 1977-78 budget offered no prospect of stimulation of activity in any sector of the economy, the Board stated. While it was anticipated that earnings in the Australian group would be at least maintained, any future major advance must come from increased levels of production to take up existing slack in capacity.

Overseas operations contributed 30 per cent. of pre-tax group earnings with improvement in all countries of operation except Italy.

In Hong Kong the level of both the private and public sectors in building activity had been very high resulting in an "impressive" improvement in profitability. The United Kingdom activities showed a creditable gain in profitability, more through stability of price and strict cost controls than any marked increase in production. The Israeli subsidiaries completed a successful year despite very high levels of domestic inflation, and a major improvement was recorded by the Portuguese subsidiary.

The South African section recorded its first annual profit but West Germany again incurred losses albeit at a reduced rate. The forward order book on all German operations continued to show some improvement.

In Italy, continued political and economic difficulties resulted in a significant decline in investor confidence leading to a fall off in new building activity. The loss for the year caused concern and prospects for the current year did not offer great hope for improvement.

However, with four months of the current year already gone, the directors expect further advances in the contribution of overseas operations to group profit for 1977-78.

SWISS COMPANIES

Motor-Columbus dividend cut

BY JOHN WICKS ZURICH, Oct. 4.

RESULTS OF the Swiss civil engineering and holding company Motor-Columbus AG. of Baden, for the financial year ended June 30 are "extremely unsatisfactory," according to Board chairman Mr. Michael Kohn. While operations in the electricity, financial and services sectors were generally gratifying, the company suffered from the continued slump in the real estate and construction fields.

Net profits of Motor-Columbus, which had been of Sw.Frs.18.2m. in 1974-75 and Sw.Frs.7.9m. in the following business period, dropped further to Sw.Fr.5.3m. in 1976-77 after write offs totalling Sw.Frs.14.9m. against the profit and loss account.

In view of the past year's results, the Board recommends a cut in dividend from 6 per cent. to 4 per cent. This would mean distribution of Sw.Frs.20 per share, as compared with Sw.Frs.30 in 1975-76 and Sw.Frs.55 in the previous fiscal year.

The main problem lay in the Zurich-based contractor concern Mobag, whose operational losses amounted to Sw.Frs.21.3m. in 1976, leading to a rise in cumulative losses to Sw.Frs.22.7m. After liquidation of Sw.Frs.12m. of extraordinary reserves, a net loss of Sw.Frs.10.7m. was carried over. Parent company Motor-Columbus depreciated the book value of Mobag by Sw.Frs.12.9m. to its nominal value of Sw.Frs.60m.

A second write-off, of Sw.Frs. 2m., was carried out for the real estate subsidiary Motor-Columbus Liegenschaften AG. of Baden. This company, like Mobag, omitted a dividend.

Motor-Columbus, which expects no dividend payment for years to come from Mobag, is nevertheless satisfied with the foreign contracting business of Mobag International. This division got off to a good start last year and now has orders above expectations at a value exceeding Sw.Frs.1bn.

While expanding these operations abroad, the company has disposed over the past business year of minority shareholdings in three industrial companies in Switzerland and a participation in the Peruvian company Perutil: outstanding payments in connection with the takeover by the Peruvian Government of a stake in Lima Light have now been received. Kohn states that Motor-Columbus will continue to review the desirability of participations in its portfolio.

The company hopes that earnings will be higher this year, influenced by cost saving measures, but turnover will only show a small increase, it said, while giving no figures.

For 1976 the company reported group profit of Sw.Frs.15m., on consolidated group turnover of Sw.Frs.1.34bn.

Capital spending in 1977 will be higher than in the two previous years, the company said, but gave no figures.

Sales rise at Georg Fischer

GEORG FISCHER AG said group turnover in the first eight months of this year rose to Sw.Frs.883m. from Sw.Frs.847m. in the same period a year ago, reports Reuter from Schaffhausen.

Group incoming orders rose by eight per cent., and orders in hand were 10 per cent. higher than at the beginning of the year, the company said in a Shareholders Letter.

EAC offshoot company in Malaysia

By Wong Sulong

KUALA LUMPUR, Oct. 4.

THE EAST ASIATIC Company has formed a Malaysian-incorporated company to take over most of its Malaysian interests in compliance with the Government's new economic policy.

The new Malaysian company —East Asiatic Company of Malaysia—will have an issued capital of 60m. Ringgits, which makes it one of the biggest Malaysian companies.

EAC Malaysia will take over three wholly-owned companies of the parent Danish company —East Asiatic Rubber, Teluk Merbau Estates and Dumex SDN. Bhd.—as well as other interests such as the assembly of Vespa scooters, and the distribution of printing machinery, pharmaceuticals, and oil palm and rice mills.

However, the parent Danish company will continue to retain its 25 per cent. interest in the Carlsberg brewery, a 35 per cent. interest in Viking Askim, the footwear plant, and shipping interests in Malaysia.

Turnover of the whole range of interests, now under the Malaysia company, was about 158m. Ringgits last year, with profits of 18m. Ringgits.

The new company expects better profits this year, particularly from its plantation interests.

Under the reconstruction scheme, arranged by Pertanam Baring Sanwa Merchant Bankers, EAC Malaysia will offer 25 per cent. of its share capital to the Malaysian public next year, the timing of the issue depending on the state of the stock market.

The company hopes to make periodic share issues so that by 1990, it is hoped that 51 per cent. of the shares will be Malaysian-owned (with 30 per cent. held by Malays), and the remaining 49 per cent. held by the parent company.

Three Malaysian directors have been appointed to the seven-member Board.

ESCOM LOAN

Test for interest trends

BY RICHARD ROLFE JOHANNESBURG, Oct. 4.

THE SOUTH AFRICAN Electricity Supply Commission (Escom) is coming to the market later this month with an R50m. issue of locally registered stock on a basis which is widely seen as an attempt to cash in on declining long term interest rates, and even to give rates a further downward push. The issue will be in three parts, the first having a term of 11 years and the other two terms of 24 years each.

The 11 year loan carries a coupon of 11.5 per cent. and is issued at par to give an all in yield of 11.56 per cent, while the first 24 year loan has a coupon of 11.15 per cent. but is to be issued at R95.16 for an all in yield of 11.5 per cent. On the second 24 year loan, the issue is at par and the rate 11.75 per cent. for an all in yield of 11.8 per cent.

Securities funds may be used to take up the stock, but it is doubtful whether overseas demand will be large. The securities rand rate, which recently touched U.S. 86 cents, has quietened down to US 81 cents, so that the running yield on the 11.8 per cent. coupon stocks would be about 16.8 per cent. But overseas demand for South African semi-gilts seems largely to have been satisfied by secondary market offerings, and the main attraction of the latest Escom issue, which is on the usual partly paid basis, is as a means of taking a highly geared view on interest rates. Applications must be 10 per cent. paid, with the balance due by mid February.

The nominal amount of the issue is R550m., so that it has been billed as one of the biggest ever issues in the Republic, but Escom is to supply R500m. from its internal funds, which involves little more than book entries. It is possible the Commission will take up more than R50m. from the public if subscriptions exceed that level. But, despite the general view that long term rates are set to go on falling, some fund managers who have already met their statutory requirements may duck the issue with a view to checking the slide.

This could have implications for the other issues in the next six weeks or so, which include R16m. for the Transkei Government, R50m. for Iscor, the State steel group, and an undisclosed amount of RSA Government gilt edged rates, at end November.

Partly through higher tariffs, which have risen up to 60 per cent. in some areas in the past year alone, Escom has moved to increase its level of internal funding in recent years, and the 1976 report, the latest available, showed revenue and expenditure in line at R656m.

Over the next five to seven years, the Commission expects to spend R2,100m. on capital account, of which the Koeberg 1,800MW nuclear power station will be the main item, at R970m. This, with two large coal fired power stations now being developed, will lift power generating capacity from the current 12,448MW to over 20,000MW.

Total capital requirements in the current year are put at R1bn., and these will be met by the proceeds of the loan now planned plus earlier issues. Loan repayments are expected to total about R280m. in the current year, and the annual cost of servicing outstanding loan capital of R2bn. is estimated at R215m. in 1977. With capital requirements likely to decline from the present peak, unless there is a major advance in industrial activity, the moves Escom has made to alter its financial structure should greatly reduce its future dependence on foreign capital.

Expansion by retail chain

BY DOUGLAS RAMSEY TOKYO, Oct. 4.

THE JAPANESE supermarket chain, Jusco Company, has turned in a better-than-expected performance for the first half of its business year, to August 20. According to the company, net income increased 46 per cent. over the year ago level to Y2,184m., although net income per share rose only marginally, from Y24.82 to Y24.94, after the two-for-five scrip issue last March.

Jusco, which recently borrowed in London, is rapidly expanding its chain throughout Japan, even though it still ranks only fourth in the Japanese industry. Investment in 1977 is estimated to be 50 per cent. higher than last year, and sales in the first half were up 29.5 per cent. to Y169bn., largely as a result of its acquisition of a small supermarket company, Ogiya.

Jusco had forecast sales at Y168bn. for the period, and net income at Y1.8bn., so that on both counts (but particularly heavily on profit) the supermarket chain exceeded its target. In terms of non-adjusted current profit, Jusco had anticipated earnings to be Y2.8bn. But the actual figure in the company's interim report is Y3.319bn. for the six-month period. As a result, Mr. Takao Nakajima of Jusco's securities department thinks the company's net income for the year to next February will be Y4.8bn. on sales of about Y400bn., so letting Jusco maintain its Y15 dividend per share.

FARMING AND RAW MATERIALS

Farmland prices up 50%

Financial Times Reporter

THE AVERAGE price of farm land in England and Wales went up by about 50 per cent. to £967 an acre over the year to the end of August, according to figures issued by the Ministry of Agriculture.

The figures are based on sales of 42,300 acres (17,100 hectares) of farm land with vacant possession over the three-month period to the end of August.

Details of the sales were collected by the Ministry's Agricultural Development and Advisory Service and the Agricultural Mortgage Corporation.

Whale quotas: Japan and Russia agree

TOKYO, Oct. 4.

JAPAN AND the Soviet Union have signed an agreement on whaling catch quotas in the Southern Hemisphere for the year from this month, the Foreign Ministry said.

The overall catch limit of 12,369 whales for the season agreed at the international whaling conference in Canberra in June was mainly distributed to Japan and the Soviet Union, the two main whaling countries, the ministry said.

Japan's agreed quota totalled 3,790 whales, including 460 sei whales, 2,400 minke whales and 930 sperm whales. The Soviet Union was given 7,152 whales, including 311 sei whales, 2,600 minke whales and 4,241 sperm whales.

Minor quotas of 713 and 714 whales have been given to Australia and Brazil, respectively.
Reuter

Lower copra exports in Philippines

MANILA, Oct. 4

PHILIPPINE COPRA exports rose to 53,093 tons last month from 44,289 in August. In September last year 60,090 tons were exported.

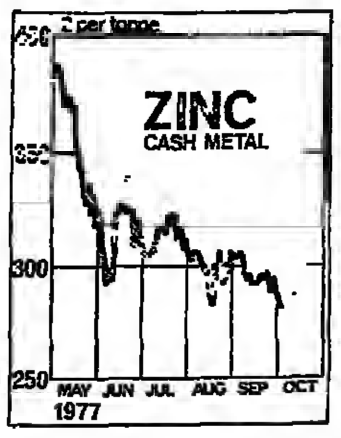
Philippine Coconut Authority statistics show that total copra exports in the first nine months were to 366,659 tons, down from 694,873 in the same period last year.

Crude coconut oil exports last month were 55,934 tons against 76,482 in August and 69,600 in September last year bringing the nine month total to 535,702 tons, down from 642,799.
Reuter

European zinc price may fall in wake of U.S. cut

BY JOHN EDWARDS, COMMODITIES EDITOR

A CUT in the U.S. domestic zinc price by 2 cents to 34 cents a pound announced by National Zinc Company yesterday strengthened rumours that a reduction in the European producer price from its present level of $700 a tonne may be imminent.



Zinc prices on the London Metal Exchange "free" market were only slightly lower since it is well below the producer price levels and a move downwards in either the U.S. or European producer quotations to more "realistic" levels has been widely forecast and discounted.

Nevertheless, the zinc market has been anxiously awaiting to see whether U.S. and European zinc producers are prepared to hang on to the present nominal quotations despite the fact that business is being transacted at well below present official quoted prices because of the big surplus of zinc stocks undermining the market.

The LME cash zinc price is below $500 a tonne, and it is no great secret that producers are selling at below $600 compared with their official quotation of $700, reduced in May from $795.

The problem is that the European zinc producer quotation is used as a basis for pricing zinc ore concentrate sales outside North America, and a reduction therefore has wider implications.

National Zinc is only a relatively small U.S. producer. Much depends on whether the other bigger U.S. producers will decide to follow the fairly modest reduction set by National Zinc, and more importantly on the reaction of the Canadian producers, who are major suppliers to the U.S. and Europe.

At the recent Geneva meeting of the International Lead and Zinc Study Group it was estimated that stocks of zinc had reached a mammoth total 1.2m. tonnes—virtually double the normal requirements and compared with a Western world production total of between 4m.-4.5m. tonnes.

Many London traders believe that the only way to bring supply and demand back into balance is to abandon the artificial producer pricing structure in favour of realistic market values.

That is in many instances a prejudiced view, and too many zinc producers, especially in North America, who are wedded to the producer-price system.

But if the National Zinc price cut is followed generally it is difficult to see the European producer quotation surviving in its present form, particularly in view of the disarray among producers created by the very competitive market and the criticism of international cartels.

● The Commodity Futures Trading Commission approved the New York Commodity Exchange's request for the introduction of a zinc futures contract. It was announced in Washington yesterday.

Sugar talks blocked again

BY DAVID EGLI

GENEVA, Oct. 4.

AUSTRALIAN DEMANDS to protect the minimum production entitlement of its sugar farmers have resulted in a wave of despondency over the prospects for reaching an International Sugar Agreement.

Talks are deadlocked with no delegation willing to forecast whether the conference would be extended beyond its present deadline of Wednesday evening.

The latest series of difficulties arose out of Australia's insistence that on the one hand sugar export quotas must be set low enough to obtain the desired price effect while, on the other hand the Australian share in the market under a quota system would have to be high enough to ensure that the government would not have to reduce its "peaks"—a programme providing farmers with a volume guarantee.

The Australian proposal would have meant that all exporters with the exception of Australia, the Dominican Republic and possibly Thailand would be obliged to take 20 per cent. quota cuts, while these three countries would have their cuts limited to around 15 per cent.

The proposal was rejected by Cuba with the backing of the Soviet Union. Brazil, the other major exporter, expressed strong reservations to it.

It looked as though the talks might collapse.

Brazil then came forward with what appeared to be a compromise proposal which, while accepting the need for different treatment concerning quota cuts for Australia, the Dominican Republic and Thailand, sought to redress the balance when sugar prices were rising through a compensatory arrangement.

Under it the three countries who benefited from lower quota cuts would not be eligible for the redistribution of shortfalls or an increase in basic quotas until they had worked off an amount equivalent to the difference between their quotas and those of other exporters.

The compromise provided a ray of hope in a charged atmosphere. Australia indicated that it would consider the Brazilian proposals, but Cuba's was negative to it.

It appeared as though the endless game of musical chairs would continue.

It was decided to set up a working group of some 12 exporting countries to unravel the intricacies of the Brazilian compromise proposal.

Many of the smaller exporting countries were incredulous over the latest turn of events and continued to push strongly for an agreement. If the quota issue can be resolved it would seem that all other elements of agreement would fall into place.

Our Commodities Staff writes: World sugar prices fell back on the London terminal market following the setbacks to hopes of an international agreement.

Although the London daily price for raw sugar was raised by £3 to £105 a tonne in the morning, the March position on the future market fell to £117.50, nearly £4 down on the previous close.

The market was also depressed by reports of large sale by Brazil.

American cocoa grindings 'to fall'

NEW YORK, Oct. 4.

COCOA TRADERS expect U.S. third quarter grindings to fall by 20 to 25 per cent. from a year ago as high bean prices cut into consumption and product imports reduce the need for domestic grinding.

The figures, compiled by the U.S. Chocolate Manufacturers Association, are tentatively scheduled to be released this Friday.

Because of the increasing amount of product imports from such countries as Brazil and Ecuador, the figures are somewhat misleading as far as consumption levels are concerned.

The Census Bureau says U.S. imports of unsweetened chocolate jumped to 43.6m. lb in the first eight months of this year, from 28m. lb in the corresponding time last year. Unsweetened cocoa imports edged up to 110.1m. lb from 108.8m. lb.

Traders estimate that actual cocoa consumption in the third quarter was down roughly about 10 to 13 per cent. from last year.

In West Germany, where manufacturers buy 12 to 15 months in advance, third quarter grindings are expected to be unchanged, or possibly 5 per cent. higher.
Reuter

Further tin price rise forecast

KUALA LUMPUR, Oct. 4.

THE UPWARD trend in world tin prices is likely to continue for some months, Kramat Tin Dredging BHD outgoing chairman Mr. Jack Bridewell told the company's annual general meeting.

"With a supply deficit varyingly estimated at between 15,000 and 20,000 tonnes, an exhausted buffer stock and the likelihood of only token amounts being available from the GSA stockpile, it appears the upward trend in the metal price will continue for some months at least," he said.

In Bonn meanwhile the dangers of an imbalance between supply and demand for tin were stressed by Otto Schlect, a state secretary at the West German economics ministry.

Opening the Seventh International Tin Council meeting, he said the steep price rises for the metal not only went against consumer countries' interests, but also seriously threatened to harm those of producer nations.

EEC FARM POLICY REFORM

Mr. Silkin gets the go-ahead

BY CHRISTOPHER PARKES

THE GOVERNMENT'S latest programme for reform of the Common Agricultural Policy, embodied in Mr. Jim Callaghan's letter to the Labour membership, amounts to no more and no less than a public clap on the back for Mr. John Silkin, Minister of Agriculture, and a formal blessing for his tactics.

In his first year of office, the abrasive Mr. Silkin has managed to irritate if not affront all his EEC counterparts, trample on a wide assortment of Brussels bureaucrats and apparently against all the odds, lay the foundations for what he sees as a truly radical reform of the Community's farm policy.

Time was, the Minister's supporters claim, when Mr. Silkin was viewed as just another bloody-minded anti-marketeer out of the standard British Labour Party mould.

But now, though he has undergone more a change of posture than a change of heart about the European Community as a whole. Though he has made few friends in Europe, he can claim with some justification that he is winning allies.

Inside the Commission, for example, there is a strong following for his line on the annual price fixing. This is based on establishing the principle of nil or minimum increases in institutional prices at the spring review.

That is his launch-pad for the coming attack on food surpluses. Last spring Mr. Silkin went for the milk. Next April he will attack the grain price.

He will continue that line, pressing ever harder, and can be counted on to block any agreement and thus freeze prices if he is crossed.

It was no coincidence that his latest round of visits to European capitals began in Copenhagen. The Danes will hold the presidency of the Council of Ministers at next year's farm price fixing.

Poul Dalsagar, the Danish Minister of Agriculture, was one of the fiercest opponents of the subsidy on British butter agreed last spring, but he is to introduce a national subsidy at home to counter falling consumption there.

The British minister will insist that the EEC payments continue in Britain, keeping down the shop price of butter at least for another year. The amount coming to the U.K., however, may be reduced because the subsidy scheme will hopefully have been spread to Denmark and possibly other countries.

The Commission is said to need no further persuasion on the usefulness of direct consumer subventions in the dairy market. It is also preparing to back an EEC-wide beef market regime based on the British model.

After wavering briefly in his approach to the ministers over access for New Zealand farm produce to Britain, Mr. Silkin has hardened his resolve to keep U.K. ports open to supplies of dairy goods and lamb.

He is also convinced that in the next couple of years Australian beef will once again be in circulation on European markets.

At home, the Minister is attempting to temper his ... policy towards the ... develop a reasonably consistent line on domestic policy.

Food from our Own Resources, the ill-fated 1975 White Paper on farm policy, is under ... While the Ministry remains convinced that dairy farming in Britain should expand, it has considerable doubts about the advisability of ... grains and sugar beet ... beyond those parts of Britain best suited to growing these crops.

And it is quite plain that Mr. Silkin will be almost as ... on prices at home as he plans to be in Brussels.

Month after month the National Farmers' Union ... at the Ministry door ... a devaluation of the green pound. Time after time it is ... with a blank stare.

The next change, according to the Silkin calendar, ... price review time. And the ... of the devaluation ... entirely on the extent to which the minister manages to ... the expected Gallic ... Germanic clamour for ... increases in institutional prices.

The NFU can expect ... support from Brussels ... style demands that ... should devalue ... And schemes for reform of the whole green currency ... monetary compensatory ... system are bogged down.

The Commission is ... the point of shelving ... all its plans for monetary reform.

Britain faces fight over fisheries

BY CHRISTOPHER PARKES

MR. JOHN SILKIN, the Minister of Agriculture, seems certain to have a tough time later this month when he attempts to persuade his EEC colleagues to accept his plan for special rights for U.K. trawlermen inside the Community's 200-mile common "pond."

Following talks yesterday with Finn Gundelach, EEC Commissioner, and Eamonn Gallagher, the Commission's director-general in charge of Fisheries, Mr. Silkin claimed that there were "not desperately unsympathetic to my ideas." But he failed to win clear support from Brussels.

Mr. Gundelach was, however, strongly behind Britain on its general approach to conservation of fish stocks.

Mr. Silkin, it is understood, wants a 12-mile-wide national fishing zone all round the U.K. with preferential access for British trawlers in certain areas stretching 50 miles and more out to sea.

He is also standing by what he regards as Britain's "right" to introduce national fishery conservation measures as and when the Government might consider them necessary in the whole of the British 200-mile zone.

Still not discussed, of course, is the long-standing demand for a 50-mile national fishing zone, which has been "on the table" before the Council of Ministers for at least a year.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Lower despite Continental enquiry. On the London Metal Exchange the forward wirebars price opened at £696 a tonne but was pushed down to £681 by the weakness of tin which encouraged general short-selling and liquidation. ... months wirebars moved up to £696. In the afternoon Comex opened lower, but not as weak as had been anticipated and on the LME stop-loss selling was well absorbed. The forward price slipped to £691 at one stage but recovered to reach £697 on the late Kerb. Turnover: 14,250 tonnes.

[illegible]

TIN—Easier. ... [illegible]

LEAD—Easier on balance. ... [illegible]

ZINC—Lower. ... [illegible]

I.G. Index Limited 01-351 3466. Gold 154½-157½

COCOA

The absence of consumer demand, December liquidation kept prices on the defensive, reports Gill and Duffus.

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

SILVER

[illegible]

COTTON

[illegible]

JUTE

[illegible]

PALM OIL

[illegible]

RUBBER

STEADIER opening on the London physical market. Fair demand throughout the day, closing uncertain. Lewis and Peat reported a Malaysian godown price of 214 (211) cents a kilo (buyer, November).

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

PRICE CHANGES

[illegible]

QUICKSILVER SPECULATORS HIT

GENEVA, Oct. 4.

Spain, Yugoslavia, Italy and Algeria, four leading quicksilver producers, decided to take all necessary measures to curb speculation by traders and intermediaries and adapt their exports to the needs of traditional consumers.

A statement issued after a one-day meeting of the Association of Quicksilver Producers said they agreed unanimously on the action because of deterioration of the quicksilver market in recent years.

U.S. Markets

Precious metals higher

NEW YORK, Oct. 4.

PRECIOUS METALS closed higher ... [illegible]

FINANCIAL TIMES / REUTER'S / DOW JONES / MOODY'S

[illegible]

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FINANCIAL TIMES SURVEY
Wednesday October 5 1977

World Coal Mining

Coal is once again in vogue as a source of energy, and world governments, and Britain in particular, have been stepping up efforts to exploit what is rapidly emerging as a prolific hydrocarbon resource. None the less, there are problems, not least of labour and costs.

Back in favour again

By Roy Hodson

IN SPITE of coal being one of the world's oldest energy sources, the industry is now in a pioneering mood. The pressures upon world energy resources are resulting in a oew and bigger role for coal. The assessment of the receot World Energy Confereoce was that in somethiog like 40 years time the world's usage of coal will have increased by between four times and six times. During that period the international trade links to handle movements of coal will strengthen, it is expected, until a trading pattern equally as big as the present international oil trading system is created.

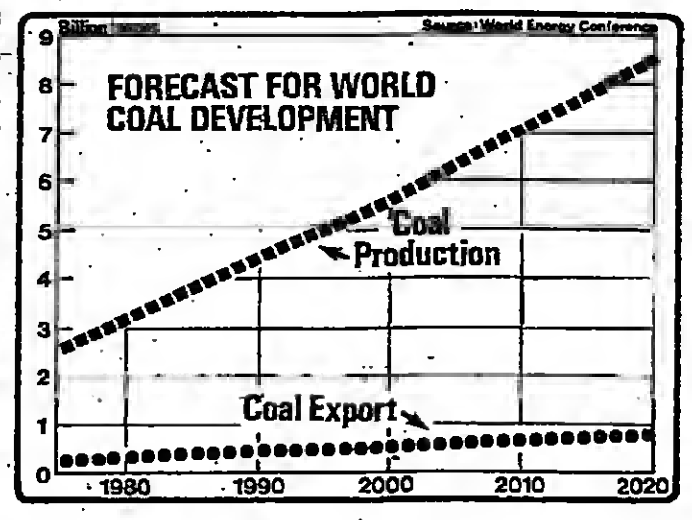
Coal is being recognised by all the energy authorities of the developed industrial nations as ooe of the three basic power sources for the next half-century. Oil supplies will have to be used with increasing discretioo from now on. The development of ouclear power will be against a background of environmental objections—although the Cooservation Commission of the World Eoergy Conference believes that more than half the world's electricity may be produced by nuclear power stations by the year 2020. Bot coal can be exploited as a primary energy resource as fast as it can be extracted from the ground.

There are no fears of a world coal shortage. By 2020 the world may oeed some eight billioo tonnes of coal a year. But the total world coal reserves recoverable by present-day mining methods are more than 600bn. tonnes. That figure is a conservative estimate. It indicates that the world bas enough coal for perhaps a century from easily-worked deposits.

The total world reserves of coal, including thick seams under oceans and icecaps and other inaccessible places, are estimated to be not less than 10,000 billion fonnes—enough to last the world for many centuries.

Britain is fortunate in being an island built upon coal and a nation with one of the world'e most advanced coal industries. Workable deposits are sufficient to last for centuries. The National Coal Board has been discovering rich new coalfields at an astonishing rate since a oew exploratioo programme for British coal was set in motion in 1975 following the eoergy crisis. Even so, there is believed to be mnch more workable coal under Britain, and under coastal waters, as yet undiscovered. The National Coal Board's problem is oot so moch one of finding coal as of finding coal io areas where it can be developed with least disturbance to the community and at the lowest possible cost.

The two biggest new coalfield discoveries—the Selby field in east Yorkshire, and the series of rich seams under the Vale of Belvoir in the Midlands—illustrate the point. The Board bas been able to go ahead with the exploitation of Selby after a relatively smooth passage through the planning stages and the public consultations. Selby will prodoce at ieast 10m. tonnes a year by modern methods with a small labour force, and should be productive for almost balf a century. The inteotion is to iotegrate the mining force needed in existing communities so as to avoid establishing artificial "pit" communities with their attendant social problems



Extraction

But the Vale of Belvoir is quite another matter. The coal the Board is after is under rich farming and hunting country. Moreover, it cannot be extracted by an inconspicuous drift mine system as will be employed at Selby. The Board wants the Belvoir coal sometime in the 1980s. It is likely to bave a bitter fight before the pit shafts can be sunk.

While Britain bas been fortunate with ber oew coal exploration programme almost every country in the world is similarly searching and re-assessing coal prospects. The international oil companies fully appreciate the growing role of coal as an international resonrce and they are investing beavily themselves in mines and strip production. So far the main centres of interest for them have been the big U.S. South Africao and Australian deposits. But the race for rights to coal reserves is only just starting.

It is significant that the British Government has recently backed the Natiooal Coal Board to play a leading part io the development of world reserves by giving it new powers (The Coal Industry Bill 1977) to work coal abroad, together with special powers to invest in activities for turning coal into liquid fuels.

The long-term future of the National Coal Board appears to be strong and broadly-based with efficient production at home and every chance, with Government support, of veotures in other parts of the world. It is the short-term which is worrying NCB chairman Sir Derek Ezra, his Board, and the responsible miners' leaders. While they have every confidence that productivity io the oew coalfields will reacb higb levels—perhaps five times above present performance — the present-generatioo British plts have been caught in an appalling downward spiral of risiog wages and fringe benefits and falling productivity.

Within the past two years productivity bas slipped by some 5 per ceot. Meaowhile the miners bave woo their claim for early retirement which is likely to cause manpower shortages this year in some British coalfields. Actual coal productioo in Britaio has fallen from 112m. tonnes a year to 106m. tonoes a year in spite of a growing contribution from the efficieot open-cast mining operations.

Sir Derek has repeatedly warned that the coal iodustry cannot expect the country to continue with the ambitious coal investment programme for new pits—at preseot running at some £340m. a year—betweeo now and the year 2000 if coal output is actually in decline as the money is poured in.

To balance the short-term problems of the British coal industry against the couotry's long-term need for new mining investment and more coal is a problem in management and leadership for both the NCB and the Government.

Britain's loog experience in deep coal-mining, and support of industrial companies specialising in mining technology, is proving of special value durlog the renaissance of coal. When recently 11 nations decided to establish a joint research and informatioo service for ioternational coal Londoo was chosen as the coal techoology headquarters.

Fluidisation

The National Coal Board (International Eoergy Ageocy Services) is now managing research and development projects which include the technique of fluidised bed combustion. A test rig has been built in Yorkshire for the system which enables poor quality coal or other low-grade fuels sucb as tars to be burned across a bed of fine grit agitated by an airstream. The British plant manufacturers Babcock and Wilcox have just secured the first commercial orders for finidised bed combustioo boilers aod are to design four to burn high sulphur coal in the State of Obio.

The coal industries of the world recognise that if coal is to take its place beside oil and nuclear power as one of the three main props of a world energy policy then coal bas to be mined cheaply and borned efficiently. It also has to be burned in sucb a way that it does not create a health bazard from smoke and fumes. The fluidised bed combustion system is an ioteresting solution being offered for burnlog poor quality coal.

Another way forward may be the employment of the magneto hydro-dynamic power geoeratioo system. That is a technique which requires the coal or other fuel to be burned ood the resultiog bot gases to be used directly as the force to generate electricity. The gases are driveo through static coils at bigh temperatures and speeds. The spent gases can be tapped for ancillary heating resulting io a very clean and efficient system—io theory. While many countries bave toyed with MHD ooly the Russians bave persevered with it. They have a pilot plant in associatioo with some American companies. Now a 500 megawatt commercial plant is beiog planned for a site near Moscow.

The Natiooal Coal Board, armed with its new powers, can also be expected to give increasing attention to the conversion of coal into liquid fuels and chemical feedstocks. A body of scientific and engineering opinion takes the view that work on that should be accelerated. Coal is already being seeo as too valuable a raw material simply to be burned under boilers.

Plans for British reserves

THE NATIONAL Coal Board is planning ahead, secure in the knowledge that British coal output could be raised from the present 110m. to 120m. tonnes a year level to nearly 200m. tonnes a year without serious erosion of the workable reserves.

The Board believes there is no danger of a British coal shortage within the next 300 years. Perhaps the most important single development in the history of British mining has come about during the past two years as the Government, the mining trade unions, and the Board, have agreed upon a tripartite plan for the long-term expansion of the industry.

After the energy crisis an emergency ten-year Plan for Coal was hurriedly put together to expand production from British mines by 1985 and to improve productivity. That plan represented a signal from the bridge for a change from "slow astern" to "full ahead." For the industry previously had been declining for many years as a result of competition from cheap oil and gas. The four-fold increase in oil prices changed the position of coal over-night.

But the Plan for Coal was soon recognised as a short-term strategy only: one that must be improved upon to allow a coherent investment programme for British mining for at least 20 years ahead to develop.

Outcome

The outcome of a long debate was Plan 2000. The implementation of that long-term plan calls for an investment in British mining of some £10bn. over a period of some 25 years to the end of the century.

The intention is that deep coal-mining shall be developed to a production level of about 150m. tonnes a year and that opencast mining should provide another 20m. tonnes a year.

The plan calls for the development of the new coalfields discovered such as Selby and the Vale of Belvoir. It also places great reliance upon the Board's ability to secure much more coal from existing fields at greater levels of productivity.

Meanwhile the Board is carrying on searching for coal with a new £50m. programme. Some 40 deep boreholes will be drilled during the next three years and the experts are confident that further massive reserves will be discovered to add to the 1.5bn. tonnes or thereabouts of coal found since 1975.

Coal exploration was at a standstill in Britain for half a century. Now the new reserves are being proven at a rate of 500m. tonnes a year.

The Board will be spending at a rate of approximately £400m. a year during the years immediately ahead. Its capital expenditure increased from £211m. in 1975-76 to £266m. in 1976-77. Unhappily the big increase in borrowings to finance expansion has coincided with a decline, which the Board hopes will be temporary, in productivity in the mines and an actual fall in production last year of 6m. tonnes. When the NCB chairman, Sir Derek Ezra, introduced the annual report in the summer he said it was "a miracle" that the coal industry has still managed to stay in profit (£27m.) in the last year in spite of the squeeze on production and the spending on expansion.

Servicing the growing debt is going to be a continual headache during the development of the coal expansion plan. It is not possible to simply cover the plan through profits upon sales because coal is a very price-sensitive commodity. The electricity authorities, who are the biggest customers of the NCB, have trimmed back their use of oil and increased their coal purchases.

But they have warned the NCB that they will have a duty to the electricity consumer to switch back to oil and other fuels at the expense of coal if coal prices rise too fast.

Disturbed

Mr. Glyn England, chairman of the Central Electricity Generating Board, has recently told the miners that the CEGB—the NCB's biggest single customer—is "disturbed" by the falling productivity in the pits. The CEGB believes that a shortage of British coal could even develop and that the Board would be forced to change quickly to other fuels or import coal. Another CEGB complaint against the coal industry is that price differentials for coal from the various British coalfields have been narrowed to a point which could invalidate the whole power station construction policy. The power authorities have been siting their coal-fired stations as near as possible to prolific coalfields. But the present pricing structure for coal does not enable the power stations to benefit to any marked degree from proximity to the pits.

Underlying the CEGB's recent complaint is a feeling among major customers of tha coal industry that the low-cost coalfields of Britain are being made to support the old, high-cost, or inefficient fields. As the new generation of highly productive mines begin producing, it is going to be increasingly difficult for the Board to justify the continued operation of a number of pits in Scotland, South Wales, and perhaps even at the tiny Kent field.

But if the trend continues towards the use of coal almost exclusively as a power station fuel, or a feedstock for liquid fuels and chemicals production, the NCB may have to exploit the economics of scale and concentrate their production upon the best coalfields only. It is a social prohlem for tha Board and the Government as much as an economic problem.

Roy Hodson

Scope for opencast

OPENCAST MINING, also called strip-mining, is the fastest-growing system of extracting coal in the world. It is the method by which the bulk of the low-quality soft coals near the surface are being extracted. It is also an important mining system for hard coals in many countries of the world including Britain.

The National Coal Board has done much to pioneer opencast mining methods for hard coal in developed countries where environmental considerations are of paramonnt importance.

Opencast mining in Britain is now worth upwarda of £400m. a year in foreign exchange savings hy the substitution of coal for oil. The NCB's Opencast Executive, meanwhile, is well on target towards raising its annual production from the present 12m. tonnes a year to 15m. tonnes a year. Opencast mining is also making good profits on every tonne of coal dug in contrast with the problems of the deep mines which have heen just ahout breaking even.

Limitations

Had it not heen for the energy crisia following the Middle East October 1973 war and the subsequent rises in oil prices the future for opencast mining in Britain would have been strictly limited. During the cheap energy era of the 1960s the work of the NCB Opencast Executive was allowed to dwindle until it was mining less than 6m. tonnea a year—a 50 per cent. cutback from its best performance in the late 1950s.

But the emergency Plan for Coal produced to belp combat the energy crisis ensured a new role for opencast mining techniques in Britain. Proven reserves are sufficient for up to 15m. tonnes a year of opencast coal to be produced in Britain for the next 30 years. The coal geologists also have confidence that opencast coal production could be extended well beyond that target date at an on-going rate of some 15m. to 20m. tonnes a year.

The biggest problem facing the Opencast Executive now is obtaining permission to extract coal in the face of fierce opposition from local and national amenity interests. The davelopment of opencast mining depends to a large degree npon being able to provide a steady flow of work for the contractors and the giant drag-lines which are used to acrape away the overhnrden of earth on sites round-the-clock to uncover the coal seams.

During the financial year 1976-77 the outpnt of the Opencast Executive Increased by more than 1m. tonnes and 15 applications for site authorisation were made. But more than balf of those applications have resulted in public inquiries, some of which have spilled over into the current year. The NCB says that the proportion of site applications going to inquiry represents "a marked increase." Twenty site autborisations were granted in 1976-77 and one application by the Board was rejected.

The NCB bas a list of approved contractors for its opencast sites. All the companies involved in the £100m.-plns annual business have to satisfy the Board that they can meet the special requirements for quiet and clean working and adequate reinstatement of the sites later.

It is the boast of the NCB that where land with evidence of industrial dereliction ia tackled by the opencast contractors it is returned to use in a better state than before. New and sympathetic landscaping is practised when the overhurden is returned aftar removal of the coal. Tree-planting is carefully planned. Old industrial scars such as pit heaps end mine shafts are removed and the area is left in a safer and more pleasant state than hefore the contractors moved in.

Some local authorities have responded to the NCB's care over opancast mining end are prepared to co-operate, taking the view that definite benefits can accrue to communities in the form of good land and lakes.

The contractors involved in opencast are offering their services overseas where other conntries wish a high standard of reinstatement of land to be practised after strip-mining work.

The walking drag-line is the basic equipment used for modern opencast work. These buge machines are proving excellent investments with working lives of up to 30 years and periods of ten years or so between major overbauls.

The Coal Board is co-operating with manufacturers to have giant drag-lines manufactured in Britain and has been ordering machioes in advance of contracts so that contractors can move into new sites quickly. This also means that new export opportunities are being created as a result of the opencast coal mining activity in Britain.

R.H.

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Technology races ahead

COAL TECHNOLOGY in Britain has come a long way in the 1970s. A variety of bright ideas from the laboratories, for which few were showing much enthusiasm while the industry was being run down, took on new meaning when in 1974 the decision was taken to expand coal production and exploit new discoveries. To-day, with political acceptance within sight of the "coconuke" formula—coal, conservation and nuclear energy—as the policy for energy supply in Britain once North Sea resources have begun to run down, the new coal technologies are fast becoming crucial factors in long-term energy planning.

One of the most convincing demonstrations that new coal technologies have a future has taken place at a development centre of one of the industry's potential customers. British Gas, at its Westfield Development Centre in Scotland, has operated on "semi-commercial" scale its unique slagging gasifier, a coal-burning reactor that could form the heart of a coal-to-substitute natural gas (SNG) technology.

The slagging gasifier is an advanced Lurgi gasmaking process, originally explored in Britain in 1938, and demonstrated on pilot-plant scale by the gas industry in the 1960s. Then, early in 1976, a reactor at Westfield began to operate under a $10m. contract placed by a consortium of U.S. energy companies. The slagging gasifier is one-third of the size of what is envisaged as a commercial reactor, affording what the engineers see as a realistic demonstration. The success of the demonstration has led the U.S. Government to finance design and development by the consortium of a complete SNG demonstration plant in Ohio, using the U.K. technology. If successful, this plant will consume 3,800 tonnes of coal a day, to produce about 60m. cubic feet of SNG—enough to supply a community of 100,000. The technology could be keeping Britain's gas grid at full pressure once North Sea resources begin to dwindle.

Another technology in which pioneering efforts in Britain have played a central role is fluidised-bed combustion of coal, in which coal is burnt in a churning bed of very hot refractory particles (such as sand), kept bubbling like a liquid by blowing air through it. Other chemicals can be added to "fix" noxious impurities in the coal, such as sulphur, and prevent them from becoming a corrosion or a pollution problem. By burying boiler tubes in the turbulent bed, steam can be raised under highly efficient conditions of heat transfer. This implies a compact new kind of boiler, perhaps low in capital cost once it has been developed.

Two distinct lines of development of the fluidised-bed boiler are being pursued in Britain to-day, in each case arousing evident interest in the U.S. and elsewhere. One is based on the work of the National Coal Board's laboratories. This is being translated into a large experimental facility at Grimethorpe, Yorkshire, where an experimental pressurised boiler capable of raising up to 85MW of heat is being built on the end of an existing power station. The £17m. facility, funded jointly by the U.K., U.S. and W. German governments, should come into operation early in 1979. It is a much bigger version of a rig that has run at the NCB's Leatherhead laboratory since 1968, with a bed 6.5 feet square and up to 26 feet deep, running at 10-12 bar pressure and at up to 950°C.

Venture

The second line of development is a private venture by Babcock and Wilcox, albeit using NCB patents. This company—one of the world's biggest in the field of coal technology—claims to have the world's largest operating fluidised-bed boiler, supplying steam to its Renfrew works. It has been offering a range of commercial designs of unpressurised boilers, and last month landed a $650,000 U.S. order for four units for the Ohio State Energy and Resource Development Agency. It is also engaged, with Stal-Laval, in designing a 170MW (electrical) demonstration power plant for American Electric Power. This plant, intended to combat the increasingly onerous U.S. air pollution laws, aims to burn coal in a big pressurised fluidised bed, and feed clean combustion gases straight into a gas turbine. The three partners believe that in this way they can avoid the ferocious corrosion and erosion problems encountered when attempts are made to feed a gas turbine directly with powdered coal.

Fluidised-bed technology is also an integral part of NCB schemes for the "coalplex," the refinery of the 21st century, fed by coal instead of oil. It has been researching some of the key processes such a coalplex would require to transmute coal into a range of rich liquid and gaseous products.

The new technologies of "coal conversion" have two over-riding objectives — to improve the hydrogen:carbon ratio from 0.8:1 to something closer to oil at 1.8:1; and to make the substance more convenient to handle. No single step is likely to achieve these objectives, but NCB chemists at Stoke Orchard belive they have discovered three processes which might be permutated to provide saleable feedstocks or fuals.

The most promising discovery, made in the late 1960s, is called supercritical extraction. When coal is exposed to hot organic solvent gases under high pressure, the more valuable constituents boil off rapidly without charring. As much as 40 per cent. of the coal can be extracted in this way, then condensed to yield a fraction far richer in hydrogen and essentially free from minerals. At Stoke Orchard this summer supercritical extraction has been scaled up from laboratory autoclaves to a £750,000 pilot plant designed to treat up to 20 kilograms of coal an hour. This shiny stainless steel facility, built by Woodhall Duckham (a Babcock subsidiary), is a foretaste of the "white-collar" coal technology some NCB executives have long dreamed of. Such a process would never hold the pressures required unless much higher standards of cleanliness are observed than coal technology has been accustomed to in the past.

But at pressures of up to 3,000 lbs per square inch a relatively cheap solvent such as toluene will penetrate deep into the natural pore structure of crushed coal, to dissolve out the hydrogen-rich fraction. When the pressure is lowered, this dissolved fraction simply precipitates out, so that the solvent is readily recovered and recycled.

The coal residue—which has the same calorific value as the original feedstock—can be fed into a fluidised-bed gasifier to yield a hydrocarbon gas either as fuel gas or as an intermediate for further conversion. This is the second of the new coal conversion technologies being explored by the NCB.

If the pilot plant performs well, NCB chemists hope that it will be the precursor for a proposed £15m. demonstration plant with a throughput of about 1 tonne of coal an hour. It is one of the coal conversion projects that the NCB is urging should now be taken to demonstration stage, in order to ensure that Britain is an "informed buyer" when the time is ripe to invest commercially.

Another is a process called hydrocracking, which simultaneously supplements the hydrogen content of the coal extract dissolved out by supercritical extraction, and cracks the product into liquid and gaseous fractions—much as oil is cracked. The technology is being developed jointly by NCB scientists and British Petroleum, who have provided the Stoke Orchard laboratories with a pilot-size continuous hydrocracking plant. It has produced "motor spirit" with an octane rating of 84—not far short of that needed for petrol engines.

Could such technologies somehow be used *in situ* to lessen the problems of mining coal in the first place? For example, could supercritical extraction be adapted to dissolve out coal substance from the seam, much as sulphur is melted out with high-pressure steam? The idea is tempting to coal scientists, but there would be great problems in maintaining the very high pressures required, while the risk of simply losing the solvent through fissures would be high. Nevertheless, they are studying a variety of new technologies for mining coal—lasers, chemicals, biochemical agents, solvents, etc.—in the hope that, in about another two decades, when the coalplex has been perfected, they will be equipped with a commensurately advanced way of feeding it with coal.

David Fishlock
Science Editor

The other face of development: Richard Putnam, Richard Eaton and Peter Ormonde, three leaders of the campaign to prevent exploitation of the Vale of Belvoir.

Seeking new reserves

THE COAL Board's short-term plans for coal production call for 42m. tons of new capacity by 1985. While nine million tons will come from old pits whose lives are being extended, and another 13m. tons will be won from major pit reconstructions, almost half as much again will come from the output of new pits. Sir Derek Ezra, the Board's chairman, gave a summary of the new mine developments in his address to the National Union of Mineworkers at Tynemouth in July of this year.

"Nearly £300m. was spent on new equipment and on constructing new capacity last year alone. Royston our first new mine for 12 years, started very successfully in production a few months ago; our new Betws mine in South Wales will be opened on schedule this year or early next year: and work on the massive Selby development —destined to be the world's biggest deep-mining complex—was officially inaugurated.

"At the same time, exploration and research have been substantially expanded. The exploration programme continues to reveal major new workable additions to our reserves and the focus has shifted to sites such as the new north-east Leicestershire coalfield (Vale of Belvoir), Warwickshire, Musselburgh and many others. Undoubtedly our exploration proving in the future, as in the recent past, is going to discover many new workable reserves."

The £4m. Royston Drift mine in Yorkshire—Britain's first new mine for 12 years—is now on stream, and is expected to produce about 400,000 tons of power station coal a year for the next 30 years. The coal seams in it vary from between 26 inches to 46 inches, which are being worked along 90-yard long faces.

Betws seems likely to open next year, at a cost of some £14m. The mine is expected to produce around 5m. tons of high grade anthracite, and the NCB is optimistically forecasting that it will be twice as productive as the national average.

There is no doubt, however, that the Selby development is the one on which Coal Board hopes are most engaged. Covering 110 square miles north of Selby in North Yorkshire, it got the go-ahead at a public inquiry in 1975 because it was felt that its importance to the national economy was such as to override all other interests.

It is hoped that it will be on stream by 1982, that it will employ 4,000 men and that it will produce 10m. tons of coal a year. It is expected to cost around £400m.

The manner in which the Selby field was surveyed was as innovatory as the mine itself is hoped to be. The NCB used the seismic method borrowing the principle from the asdic echo-sounder used to detect submarines underwater. In brief, the method involves digging shallow holes, exploding small charges in them, and measuring the reverberations through a "geophone." The reverberations can be "translated" into a comparatively precise account of seam structure.

The deep bore method — the only one previously in use — is still employed: the seismic readings "fill in" between the deep bores, which can be half a mile apart. The new technique means that planning can be much more detailed.

Once complete, there will be five mines dotted across the site, each feeding coal to a common outlet — a drift mine at Gascoigne Wood. There will be no coal wound up to the surface at the "satellite" stations, though they will be otherwise self-contained.

The major seam identified in the project is the "Barnsley Seam." It is between two and a-half and four yards thick, and is reckoned to contain about 600m. tons of coal. Because of its unusual thickness, it lends itself to the method known as the "pillar/panel" system of extraction, which is capable of maximum production efficiencies and a controlled degree of subsidence.

The Vale of Belvoir, in North-East Leicestershire, has not yet received its various planning permissions. Local action groups—especially the local farmers—have been actively campaigning against it, and the Coal Board faces a tricky problem if it is to convince local opinion to tolerate the project.

Assessment

The prize—though much smaller than Selby's—is still worth the effort. Assessment of the reserves shows about 500m. tons of coal, and Belvoir is—environmentalists permitting—still the best bet for development after the Selby pits.

The other developments forecast by Sir Derek—in Warwickshire and at Musselburgh—are still at the early stages of survey. But the Belvoir developments point up a problem with which the Coal Board will have increasingly to deal. It is beginning expansion again in a period which sees increasing strength and vociferousness on the part of environment protection groups who can be expected to copy Belvoir's action committees' tactics.

The NCB has taken care to point out to local people at Belvoir to assure them that "in designing, constructing and operating new collieries, the coal industry will use extensive architectural, landscaping and engineering skills and techniques to ensure that environmental disturbances and intrusion will be kept to the minimum."

The Board will have to live up to these promises if new mines are to be assured of a future.

John Lloyd

Costs outpace inflation

MINING IS a highly expensive undertaking and it is going to becoming even more so. Mine costs bave, in fact, outpaced the rise in general inflation; the sophisticated equipment being used becomes ever more expensive while labour costs continne to climb, especially the salaries needed to attract skilled technicians to the industry.

Another major factor, which affects coal mining as much, if not more so, than the other extractive industries is the demand for the preservation of the environment. But for some 80 per cent. of tha population, a world starved of energy and metal would be a very uncomfortable place indeed.

Many environmentalists realise that some compromise must be reached with the extractive industries. Rightly, they insist that open-pit, or strip-mined, areas must have their scars erased. Most of them also realise that the cost of doing so will bave to he paid for in dearer metals and energy.

At the moment, however, the cost of coal compares favourably with that of oil and the advent of plentiful nuclear energy as a low-cost competitor still seems a long way off. Indeed, the projections of world energy requirements are such that all known sources of energy will he needed in the foreseeable future.

As far as coal is concerned, the need is for large-scale operations. Inevitably, the new deposits of coal will lie in the more remote areas and will thus require an expensive infrastructure; this is true for most other new mining operations.

The days are long past when a single mining company could bope to finance a mining operation on eqnity capital. To-day, the huge cost of new ventures can only be met by consortia of companies and, indeed, of bankers. In the U.K., of course, such funds can he orovided hy tha state for its industry, but sometimes the return on capital does not comoare favourably with that of private enterprise.

Whila government does not control the coal indnstries of many other nations, it still bas a large say in their operations. In the U.S., which was the world's second largest oroducer of coal (611m. tonnes) last year, after the Soviet Union, environmental requirements bave to he met and anti-trust legislation can hite bard. On this score, Kennecott Copper recently had to sell (for $1.2bn.) its holding in Peabody Coal.

For years the South African collieries were the Cinderellas of that country's otherwise encouraged mining industry. The domestic price at which they sold their coal was strictly controlled by the Government at levels which were harely economic and which orovided no incentive for new investment.

The South African domestic coal price remains controlled, but at least it has been allowed to increase to rather more reasonahle levels. This, together with the comoletion of a rail link from the major coal-fields to the new port complex at Richards Bay, bas opened up a new era of export orosperity for the coal industry.

The leading South African coal group, Anglo American Coal Corporation (Amcoal) is embarking on a R109m. (£72m.) colliery outside Witbank in the Transvaal as oart of its current R242m. spending programme of expansion and modernisation. The new mine, which is due to come on stream in January, 1979, will have an eventual production capacity of 4.3m. tonnes a year. Meanwhile, Amcoal has been given permission to export 100m. tonnes over the next 20 years.

Clearly, Sonth Africa's coal production, wbich amonnted to 76m. tonnes last year, is set for sharp expansion. But the country which could stage a more dramatic increase is Australia whicb produced 110m. tonnes in 1976. Australia, however, is something of a mining enigma. There is little doubt that the country contains big reserves of minerals, but ooliticai, environmental, and labour union objections are holding back develooment.

Hurdles

These hurdles have been particularly severe in the case of Australia's huge reserves of uranium. After much procrastination, the mining companies have heen given what amounts to a go-ahead—but full approval by the various Governmental authorities concerned will only be granted after the most stringent conditions are met in relation to mining and export of nuclear material. And even then, there will he labour union objections to be overcome.

On the coal side, however, the international mining and oil companies are busily preparing to create a major world industry. Already, huge deposits of coal have been ontlined — others may well be discovered in due course — and it is now a question of arranging financing and of meeting Australia's determination to maintain a high degree of ownership over her natural resources.

The more realistic of the Australian authorities appreciate that with to-day's high cost of mining it is necessary for overseas mining companies to enter into partnerships with domestic concerns. At the moment, Australia's biggest coal producer and biggest profit-earner is Utah Development Corporation. This Queensland producer is 89.2 per cent.-owned by Utah International of the U.S.

The remaining 10.8 per cent. of UDC is beld by the publicly quoted Utah Mining Australia. The latter has a direct interest in most of the UDC operations and recently acquired a 4 oer cent. stake in Central Queensland Coal Associates which has four coal mines in Queensland and is developing the $A250m. (£158m.) Norwich Park coal project.

Attempting to move strongly into the Australian coal scene is London's Rio Tinto Zinc via its 72.6 per cent.owned Conzinc Riotinto of Australia in a joint bid with Australia's Howard Smith group for Coal and Allied Industries. Pending its usual investigations, Australia's Foreign Investment Review Board has frozen the CRA element of the hid for a 90-day period.

The Foreign Investment Review Board has approved the oroposed Australian coal acquisitions by Shell of Australia of 16.6 per cent. of Thiess Holdings (to be ourchased from MIM Holdings) and 25 per ccnt. of Austen and Butta with plans to increase Shell's eventual stake in the last-named to 37 per cent.

Britain's National Coal Board is linked with Austen and Butta in exploration of the Parrot Creek coal orospect, while in the U.S. Houston Oil aod Mioerals and Australia's R. W. Miller are investigating a big coal deposit at the nearby Oaky Creek. BHP is also interested in the Nebo prospect following the $A100m. acquisition of the Australiao interests of American's Peabody Coal.

While Australia moves slowly towards establishing a potent uranium mining and export industry, a great deal is happeoiog on the coal front. It holds the prospect of beiog a big export earner, a view fully sbared by the Anstralian Foreign Investment Review Board which, realising the huge capital sums involved, appears to be taking an enligbtened approach to the matter of arranging partnerships with overseas mining companies.

Kenneth Marston

Oil companies diversify

ONE OF THE less well-publicised aspects of the North Sea oil programme is that large reserves of coal bave been found thousands of feet below the seabed.

Oil companies have been well aware of the reserves, which lie in seams averaging 3 to 14 feet thick, but they have remained customarily reticent to publish mnch information. Dr. Dickson Mabon, Minister of State at the Department of Energy, told the annual meeting of the Society of Exploration Geoohysicists in Canada recently that 45 out of 210 North Sea oil wells had revealed evidence of coal seams wbich might, one day, be commercially exploitable.

The technology behind the exploitation of sucb coal reserves wili be advanced, probably based on a gasification process. This raises an intriguing question (one which may account for the oil industry's coyness): will oil companies be allowed to exploit these coal reserves or will they be banded over to the National Coal Board?

Assumiog that the recovery of coal—either through gasification or some other means—will be a viable proposition, it is most likely that oil companies will be keen to maintain control of these valuable anergy resources. The multi-national groups like Exxon, Shell and British Petroleum, which were founded on the oil business, now prefer to be known as energy comoanies. They are planning business development in the knowledge that perbaps by the end of this century oil will be in short supply. Coal features strongly in their energy diversification plans.

This is particularly evident in the U.S. where the oil majors figure prominantly in the hig league of coal producers: Coo-tinental Oil, Exxoo, Occidental, Gulf and Texaco are among those with large and growing stakes in what was once thought to be an anachronistic industry, outpaced by the glamour boys of the oil world.

For several years these energy companies have lived with the political spectre of enforced divestiture. There has been talk of the companies being split np into separate exploration, development, refining and marketing interests (so-called vertical divestiture) or being stripped of their non-oil business (horizontal divestiture).

Now a new inter-agency task force has been set up in Washington to look more closely at the energy companies' activities. The Department of Justice and the emergiog Energy Department will seek much more information about the companies—their market shares, profit shares, widening interests and so forth — so that the Carter Administration is better able to take a view on the divestiture issue.

The energy comoanies have made no secret of their feelings. The comment from Mr. Howard Blauvelt, Conoco's chairman, is typical: "Participation of petroleum companies in other energy areas results in increased comoetition in these areas, as well as more efficient use of financial and technical resources. The proposed divestiture of oil company oœrations is an ill-conceived action agaiost a competitive and efficient industry."

Leader

It must he said that Conoco has much at stake. It is one of the leading coal orodncers, cootrolling over 14.3bn. tons of reserves, located in virtually every major coal producing region of the U.S., as well as in Canada. Last year it oroduced 50.6m. tons.

These figures act as a yardstick for British Petroleum's coal aspirations. The company was among the last of the oil majors to become iovolved in coal althongh its affiliate Sohio of the U.S. is well established in the U.S. industry through its Old Ben subsidiary.

It was in March 1974, just after the oil crisis, that BP Coal was formed. With the help of its consultants, the National Coal Board, it baa been evaluating possible coal developments for several years although the comoany's befty commitment to oil expansion in the North Sea and Alaska acted as a brake on diversification.

BP Coal has set itself a target of producing 20m. tons a year by 1985. So far, it claims, it is on target thanks to oew acquisitions in Australia, South Africa and Canada. Well over £150m. has been committed to mining developments in these three regions. The most important deal was announced in September last year when BP paid about £115m. for a balf-share in Universe Tankshio's huga Clutha coal interests in New South Wales. As a result of this agreement BP has bought its way into Australia's second biggest coal exporter, currently producing over 5.8m. tons of washed coal a year from over a dozen mines in the Sydney and Newcastle areas.

BP has imposed two restrictions on itself wben it comes to coal developments. First, it is able to seek new business in only those countries which bave only 5 per cent. of the world's coal reserves. Excluded areas include Russia, China, India, Rhodesia and the U.K. The U.S. —the biggest free market of them all—is left in the hands of Sohio. Secondly, the company is mainly interested in exploiting good quality coal, suitable for power generation and steel making. It is this type of coal whicb can justify the prices needed if the fuel is to be shipped and traded internationally.

Shell has made a more modest entry into the coal industry although it sees its involvement as "a logical extension of the oil and gas interests." Until recently it has not heen involved in coal oroduction other than througb a joint venture in Belgium which is concerned with recovering coal from Belgian colliery tips. There are a number of exploration and oroduction achemes in the pipeline however.

If oil comoanies are to play a major oart in this growth of coal trading they may have to remould some of their old concepts. There are many differences between tha oil and coal husinesses. Oil has a well established distribution and marketing regime; over 55 per cent. of all the crude produced is traded internationally. Only eight or nine per cent. of coal is traded in the same way and it is becoming evident that shortcomings in some of the distribution links—particularly maritime terminals — could cause some alarming hottlenecks.

Coal dcteriorates and once stored is never recovered in full, unlike oil. The shipping of coal is difficult and dirty compared with oil. Coal is prepared for customers usually in the country of production, unlike oil, whicb is refined in or near the country of consumption. The variations in the oroperties of coal are also much greater than those for oil. For example, the calorific valne of oil varies between 17,900 BTU to 20,000 BTU/lh whereas coal has a range of 3,500 BTU to 15,000 BTU/lb.

These differences underline the need for oil-based eoergy companies to recruit coal industry specialists. This is heing done for there is every sign that the oil majors will continue to take their diversification into coal very seriously.

Ray Dafter

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WORLD COAL MINING V

On this page, Financial Times writers look at the production and prospects of the industry in a number of the world's producing areas.

United States

AFTER MORE than 40 years of steady decline from its position as premier fuel, "King Coal" was officially restored to its throne and designated America's most important future energy source on April 20 of this year. With coal accounting for 18 per cent. of U.S. energy reserves, it was hardly surprising that President Carter should have announced in his long awaited energy message that the restoration must take place as a means of reducing America's dependence on imported energy.

But his Administration's ambitious goals for reviving the consumptioo of coal and its tough proposals for forcing the conversion to coal of plants currently using oil and gas have sent sharp tremors of anxiety through almost all U.S. industry.

In outline, President Carter's energy package prohibited the construction of new industrial and power supply plants based on oil or gas, it forbade existing facilities with coal burning capacity from burning gas or oil with an absolute prohibitioo on power utilities usiog natural gas after 1990. In addition it proposed an oil and natural gas users' tax, starting in 1979, aimed at encouraging the maximum conversion to coal of existing oil and natural gas burning facilities.

The final shape of the Carter legislation has yet to emerge from Congress where it is currently being subjected to some fundamental revisions by the Senate. The coal conversion provisions of the Bill have already been tinkered with and in the opinion of most observers are now in a much weaker state. The legislation may yet be fortified during the House-Senate conference procedure, so it is too early to be precise as to what the final coal conversion requirements will be.

Resource

Coal's status as the most important energy resource for the foreseeable future is undeniable and presents a major challenge to U.S. industry. In the first place, the industry is going to face acute physical and financial problems in delivering the 1bn. tons a year by 1985 called for in the Administration's energy plan. For in essence, the plans throw into reverse a process which has toppled the use of coal from 61 per cent. of the nation's energy consumption in 1930 to just 19 per cent. last year. Its substitution by oil and gas was official national policy for many years and the tightening of environmeotal regulations culminating in the 1970 clean air act forced many plants to abandon the use of coal.

Annual production has been showing only modest increases — last year's 665m. tons was only 17m. higher than the year before and the current rate of expansion indicates a serious falling short of the Administration's 1985 target. To move into the 1bn. tons a year range, the Government estimates that 270 new mines will need to be opened, 125,000 extra miners trained and nearly $25bn. injected into the industry itself. That is four times the total capital investment of the past decade and although Mr. Carl Bagge, Chairman of the National Coal Industry Association, has said that half of the $25bn. can be found out of earnings. There are real anxieties within the industry about raising the balance in the capital markets, notwithstanding the provision of government loan guarantees.

Nevertheless, the shift to coal is on the way and has been marked by a determined display of muscle by the Federal Energy Administration which at the end of June issued prohibition orders to 11 power plants and 14 industrial plants barring the use of oil or natural gas as their primary energy resource. At the same time, the FEA issued construction orders to 15 planned new industrial plants requiring that coal burning capability be incorporated into their design. Compliance with all these orders would reduce oil use by 45.6m. barrels per day, reduce natural gas use by 14bn. cubic feet per year and increase the consumptioo of coal by 12.6m. tons a year.

But many qoestions are beiog raised about the ecooomics of converting existing plants to coal, and the Administration's application of anti-pollution regulations to future plants. The Edison Electric Institute, which speaks for the electric utility industry, estimates that converting existing and planned power plants to coal will cost $50bn.

For economic and other reasons, the Congressional Budget Office said in a report recently that getting industry to switch to coal would be especially difficult. It estimated that by 1985 only 33 per cent. of oew industrial plants would burn coal rather than the 44 per cent. projected by Mr. Carter. There is, moreover, a potential clash with national eovironmental objectives. The President has upset many industrialists by requiring that all new coal burning plants be equipped with "scrubbers" which remove the sulphur dioxide gas produced by coal burning. These cao add anything betweeo 18 and 35 per ceot. to the constructioo costs of a new power plant and critics claim that scrubber technology is too primitive to justify mandatory installation. Nevertheless, scrubber equipment is now installed in or committed to about 50,000 MW of the 225,000 MW of existing coal fired generating capacity just to comply with current Federal emission standards.

Despite the safeguards proposed by the President, Governmeot officials have estimated that the coal programme will add 5.2 per cent. to sulphur dioxide emissions. This is unacceptable to many eovironmeotalists who are, however, even more concerned about the possible impact oo the Earth's atmospbere of carbon dioxide gas from increased coal burning. Scientists heve argued that the build up of gas could thicken and prevent beat from radiating out into space. As e result, a four degree fahrenheit increase in the Earth's everage temperature has been predicted for 2020.

John Wyles

West Germany

COAL IN West Germany has suffered changes in the esteem of planners and energy suppliers much like those it has undergooe in other countries. Regarded as the basis of the industrial economy up until the mid-1950s, it fell out of favour when cheap Middle Eastern oil became pleotiful, only to become the object of intense interest once again after the quadrupling of oil prices by the OPEC cartel in 1973.

So moch is familiar enough to anyone who has followed the fortunes of the coal industry in Britain. Coal is now especially important for West Germany because the country has no other significant domestic energy reserves. A little oil bas been discovered in West Germany itself, but the country's slice of the North Sea has yet to yield anything comparable to even one of the major finds in British or Norwegian waters. The chances that it will still do so are not high.

As a result, West Germany has long been seeking dependable, long-term energy supply agreements wherever it can. It already takes oil from British North Sea prodoction and would probably be happy to take more (notwithstanding incredulity at reports that Whitehall is toying with joining OPEC). Liquid natural gas egreements have recently been signed with Algeria, while other natural gas curreotly errives from Holland and will be piped from Siberia within a few years.

Above all, the West German Government's energy experts have formulated ambitious plans calling for the construction of up to 45,000 MW nuclear generating capacity between now and the mid-1980s. That programme has now been stopped in its tracks by the anti-nuclear lobby, principally through the courts. The interest in conventional power sources is therefore once again intense, and that means above all coal.

In 1976, hard coal's proportioo of total primary energy use was 19.1 per cent., or little more than half the 36.2 per ceot. it accounted for in 1967. There was an absolute drop over the same period from 96.6m. tonnes to 70.7m. tonnes. For "brown" coal, or lignite, the figures show a more positive story, with production rising steadily from 27.3m. tonnes of hard coal equivalent in 1967 to 37.6m. tonnes last year, though the proportional importance of this source of primary energy remained unchanged at 10.2 per cent. after dipping down as low as 8.6 per cent. in 1971.

Employment in the West German hard coal industry has declined from 368,500 in 1955 to 105,800 last year, though productivity has gone up two-and-a-half fold over the same period from 1.56 tonnes per man per shift to 3.86 tonnes.

Production

Yet the most telling figure of all is that of hard coal production, which has been falling every year for the past two decades, from 151m. tonnes in 1956 to 89m. tonnes in 1976. What bolds the industry beck from producing more is the increasing difficulty it is having in selling the coal.

In part, this is a consequence of the lingering, and epparently still deepening, crisis in the steel industry. Last year the steel industry bought a total of 21m. tonnes of coal, coke and briquettes. This was about the same as the recession year of 1975, but well down from the last "normal" year of 1974, when it bought 27.5m. tonnes. This year, indications are that even the 1976 figure will come to seem a favourable one.

At the same time, however, the coal industry's other major customers have reduced their purchases. Most notably, this means of course the electrical utilities. Their use of hard coal picked up slightly last year to 32.3m. tonnes from the recessioo level of 26m. in 1975, but it was still well down on the 38m. tonnes of coal used for electric power generating as recently as 1971.

The Federal Government in Bonn has attempted to stem this tide in several ways. It has tried to insist that new conventional generating capacity should burn coal rather than oil, or at least should be able to use either fuel.

At the end of 1975, faced with mounting stocks of unsaleable coal, Bonn set up a "national coal reserve" of 10m. tonnes and lowered to 4.7m. tonnes the ceiling of tariff-free imports of coal. Yet despite hoth the easing of the recession and the consequeot willingness of the electrical utilities to buy more coal, stocks have gooe on increasing and are unlikely to stand much below the 20m. tonne mark at the end of this year.

One way out of the paradox of long-term need and short-term glut has been forcefully called for by Herr Karl Heinz Bund, chairman of Ruhrkohle, the giant of the hard coal industry. He wants to see utilities and coal prodocers conclude a mucb longer range of offtake agreements which will allow the coal industry to undertake the buge investments needed to meet the energy gap which all sides agree will begin to be felt in the mid-1980s. By 1981, according to Herr Bund, the industry could prodoce some 45m. tonnes if it conld be sure of selling the coal.

Looking further ahead, Ruhrkohle has concloded oo the basis of test drillings conducted since the early 1960s that West Germany bas vast new deposits of coal stretching north from the Ruhr area towards Moenster, Bremen and eventually under the North Sea, though at depths as much as three times greater than the 1,500 metres of the deepest pits being worked now.

In the meantime the West German engineering industry is pushing ahead fast with exploitation of new techniques for gasification and chemical refining of coal.

Adrian Dicks

East Europe

WHEN IT comes to energy, East Europe is a good example of how it pays to be a tortoise rather than a hare. Because of the region's notorious technology lag and its slowness to adapt to changing world circumstances, it never developed a high dependence on oil and other "new" types of energy. Instead, it continued to rely on coal and even peat and firewood for fuel.

It is true that oil and nuclear power were on their way. But when the oil crisis hit the world with such far-reaching effects in the early 1970s, East Europe suffered less than the West. Oil, at this time, accounted for a mere quarter of the energy balance, while the share of coal was well over 40 per cent.

By good fortune rather than good judgment, the East Europeans were therefore much better placed to ride the crisis, and as it turned out, they had less reorganising to do than countries who found themselves consuming large amounts of the most expensive forms of energy.

Even so, East Europe learnt a lesson from the oil crisis. All the Comecon countries got together to formulate a new energy policy which found expression both in the new Five Year Plans approved last year and in a new long-term energy policy extending towards the end of the century.

Coal is unevenly distributed in East Europe. The Soviet Union has gigantic deposits of all types of coal, though they are not always located in the best places. Poland has some of the biggest hard coal reserves in [illegible] West, and is among the world's largest exporters. But elsewhere, deposits consist mainly of soft and brown coal which barely meet the countries' needs.

As a whole, Comecon is a net exporter of coal to world markets, but within the regioo there is much shuffling of supplies.

Despite their wealth of coal, the Russian's face special problems. The traditional coalfields in South East Russia and the Ukraine like the Donbas have been heavily worked and are no longer of long-term importance. Future supplies will have to come from new coalfields which have been located much further East in Siberia and Kazakhstan. One of the world's largest coalfields is in the process of development at Kansk Achinsk east of Lake Baikal. This open-cast brown coal mine will eventually yield no less than 700m. tons a year to feed a gigantic 6,400 mW thermal power station nearby, and a brand new industrial complex.

Relocation

This fits into Moscow's broader strategy of industrial relocation. During the last quarter of this century, the Soviet Union's industrial centre of gravity will shift gradually further eastwards, with the development of new producing regions based on local raw materials.

Poland, by contrast, is a major exporter, and would be unable without coal to sustain anything like its present level of trade with the West. Production in 1976 was 177m. tons of hard coal of which 40m. tons were exported, mostly for hard currency. Additionally, Poland prodoces around 50m. tons a year of soft coal which it uses to supply local power stations, like the giant Belchatow complex in the ceotral region.

Deposits are being rapidly exploited, and large new sources of production should come on stream in the next five years. Traditional coal regions like Silesia appear to bave reached maximum production, and a large new coalfield is now being opened up near Lublin in East Poland. Output is doe to start this year and should reach 25m. tons a year by the end of the century. The project is one of the most important of its kind in Europe, comparable both in size and technology to Britain's Selby field. On it depends much of Poland's future economic viability, especially in view of its heavy hard currency debts.

In complete contrast, East Germany bas just exhausted the last of its hard coal reserves. Mining is to cease this year, and production will concentrate instead on brown coal, of which the country has large reserves. Output is expected to reach some 250m. tons in 1980, but it may be some years before the country recovers the peak levels of over 260m. tons achieved in the 1960s.

The picture is similar in Czechoslovakia where three-quarters of the coal mined is the soft variety. The country is looking for a 10 per cent. increase in output by 1980, but prodoction of hard coal is expected to remain static.

Both Romania and Bulgaria are looking for increases in coal output to compensate for the higher cost of oil. In both countries productioo is mainly of soft coal, and both make up for the hard coal shortage hy importing. Io Bulgaria's case imports come from the Soviet Union.

Romania, whicb has always sought to keep its dependeoce on the Russians to a minimum, imports mostly from the world market. In a highly unusual development, it has invested in a coal mine in Virginia, U.S., in order to secure a long-term source of supplies.

Hungary is the least fortunate when it comes to coal. What few deposits it has are mostly poor quality lignite, and productioo may eveo decline over the next three years, though oot as fast as before.

Coal is only seen as a medium term solotion to the energy problem in East Enrope. An equally large effort is going into ouclear fuels whose prospects are distinctly brighter than they are in the West thanks to the lack of open debate in Communist countries.

By the end of the century, a large part of Comecon's electricity will come from nuclear power, and it may even push coal into secood place. If this happens, Comecon will be in the unusual positioo of having completely bypassed the era of high oil dependence experienced by the West.

David Lascelles
East Europe Correspondent

Gilts react on renewed doubts about inflation rate

Lack of demand leaves equity index down 7.3 at 512.8

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Sep. 19	Sep. 29	Sep. 30	Oct. 11
Oct. 3	Oct. 13	Oct. 14	Oct. 25
Oct. 17	Oct. 27	Oct. 28	Nov. 8

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

British Funds were subjected to further profit-taking yesterday, and with the market described as looking rather tired following the hectic advance to last Friday's 65-month high quotations were on the retreat throughout the day. Attempted rallies failed to mature. Short-dated issues ended with falls usually limited to about ⅛, interest here being sustained to an extent by money market signs of a cut of at least ½ in Minimum Lending Rate should yesterday's rates be repeated on Friday and if the Bank of England allows. Closing falls to £¼ left the long end of the market at virtually its lowest of the day despite the afternoon announcement of the further substantial addition to the currency reserves in September; the statement had little apparent effect on sentiment which was unsettled by a renewal of doubts about the future rate of inflation brought about by the reported remarks of the Chief Secretary to the Treasury, Mr. Joel Barnett, that forecasts of single-figure inflation by next autumn were perhaps "over-optimistic" and by rumblings on the pay front from the print and motor industries. Quotations were tending to harden a shade in the late inter-office trade, but yesterday's falls brought the Government Securities index down 1.20 for a two-day loss of 1.47 to 78.38.

In a quiet business, leading shares did little but trade at slightly lower levels as seen in the FT 30-share index which was 6 points off at 10 a.m. and moved thereafter within a range of only 1.6 before closing 7.3 down at 512.8. Falls in the constituents rarely exceeded fourpence. Official markings of 6,344 compared with Monday's 6,772 and the week-ago 6,604. Few sectors moved against the general dull trend which was measured by the 1.1 per cent. fall in the FT-Actuaries All-Share index at 223.63.

Long Gilts setback

Uncertainty engendered by mounting threats to the Government's wage policy shook out nervous speculative holders of Gilt-edged yesterday and conflicting official views over the likely rate of inflation next year also undermined sentiment. Early sales were not entirely unresisted and once or twice a rally began only to fade later. Closing losses ranged to 2½ points; Treasury 12 per cent. 1995 (£50-paid) fell that much to £40 but, with other longer maturities moved slightly higher after the official close of business. A continued fall in money market rates failed to fully sustain the shorts because of the belief that the authorities would intervene in one way or another; losses here ranged to 7/16 but prices were above the worst in after-hours' dealings. All in all, jobbing sources judged the reactionary movement as healthy for the market. Corporations seldom sustained falls of more than ¼ apart from the recently issued Southwark 11½ per cent. 1984/85, which gave up 1¼ to £12, in £10-paid form; the price published in yesterday's issue was incorrect.

Trade in investment currency was more one-way than on Monday and the premium moved higher, reaching a rate of 90¾ per cent. prior to closing a point up on balance at 90¼ per cent. Yesterday's SE conversion 0.7752 (0.7822).

Merchant banks higher

Further favourable Press mention helped Merchant Banks to move against the general dull trend. Hambros gained 4 more to 257p and fresh rises of 3 were marked against Kleinwort Benson, 126p, and Mercury Securities, 173p. Other Financial issues held up relatively well with only modest losses recorded in Discounts and leading Banks. Clive Discount, interim results due tomorrow, closed 2 cheaper at 92p, after 90p.

Insurances encountered scattered profit-taking. Royals gave up 6 to 476p and General Accident 4 to 280p, while, in Brokers, Willis Faber, 293p, and C. E. Heath, 253p, reacted 8 and 10p respectively.

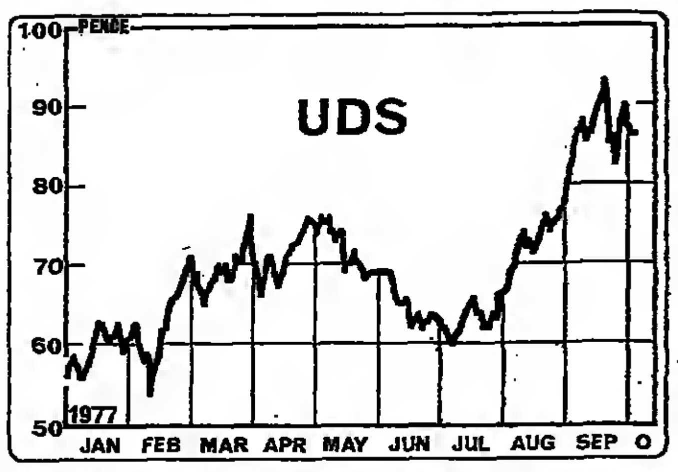
Apart from Macallan Glenlivet, 10 higher at 155p following the preliminary figures, Distilleries lost ground. Highland gave up 3 at 104p, while Distillers, 183p, and Invergordon, 91p, shed 3 apiece. Breweries were easier following some two-way business. A. Guinness were 2 cheaper at 169p, while losses of 3 were seen in Allied, 86p, and Bass Charrington, 147p.

Although the trend in Buildings was lower, buyers were still showing selective interest. Demand persisted for Phoenix Timber which put on 6 more to 178p. Wilson Connolly were also supported at 89p, up 5, along with J. Smart, 4 dearer at 75p, Baggeridge Brick rose 3 to 33p, while Newarthill revived at 178p, up 5. Among the leaders, AP Cement closed 4 off at 288p, after 285p and Tarmac 5 lower at 136p, after 133p.

ICI drifted lower to close 4 down at 422p in Chemicals, but news that recent bid talks had proved abortive failed to unsettle Federated Chemicals which rose 4 to 63p. Carless Capel improved 2 to 51p in response to favourable Press mention.

Stores weaken

Disappointing interim results from Corrys, down 10 more at 190p, after 186p, and Grattan Warehouses, 15 lower at 144p, which failed to confirm recent expectations of an upturn in consumer spending took its toll on the Store sector. Among the leaders, British Home dipped 13 to 230p and Gus A a similar amount to 332p. W. H. Smith A fell 13 to 780p and Dixons Photographic 8 to 163p. In Mail Orders, Freemans lost 12 to 308p and Empire 7 to 193p, interim results from the latter are due next Wednesday. Against the trend, Peter Stores encountered speculative support at 32p, up 4, while James Walker improved 4 to 65p following the chairman's encouraging statement at the annual meeting.



Leading Electricals were hardly tested and eased a penny or two where changed. EMI, 218p, and Plessey, 107p, both shed 2 with sentiment in the former still being coloured by recent adverse Press comment. Elsewhere, Wholesale Fittings reacted 6 to 116p on profit-taking after a reported denial that any bid approaches had been made. Racal fell 12 more making a two-day loss of 18 to 220p following a broker's sell recommendation. Chloride declined 5 to 121p following the announcement of a Canadian acquisition. Firm spots, however, were seen in Ward and Goldstone, 5 up at 95p, Audio Fidelity, 3 higher at 31p, and Crellon, 3 better at 37p.

Engineering leaders drifted lower. Tube Investments gave up 8 to 386p and Vickers 3 to 200p. John Brown ended 4 down at 241p, after 240p, and GKN 3 off at 304p, after 302p. Elsewhere, James Neill featured with a further rise of 11 to 96p on the good results, but the general trend was to lower levels. Adwest, a recent speculative favourite, came on offer at 255p, down 8, while Mining Supplies met profit-taking and reacted 4 to 88p, after the previous day's sharp rise on the bid approach. The increased half-yearly profits failed to help Averys, which closed 5 cheaper at 155p. Haden Carrier were also 5 lower at 90p, along with Whessoe, at 93p, while falls of around 4 were marked against Rotork, 112p, Manganese Bronze, 47p, and Duport, 71p.

In quiet Foods, J. Bibby, at 173p, gave up 7 of the recent speculative advance, while Cadbury Schweppes, 56½p, and J. Lyons, 125p, shed 1½ and 2 respectively. Linfood contrasted with a rise of 8 to 363p on further consideration of the capital proposals, while buying interest was also shown in United Biscuit, 4 up at 176p, and Associated Dairies, 5 better at 335p.

Hotels and Caterers had an easier bias. Ladbroke eased 2 to 177p, while Grand Metropolitan, 98p, and Wheelers Restaurants, 185p, lost 4 and 5 respectively. Against the trend, City Hotels edged up a penny to 95p on the interim figures.

Cape Industries fall

The miscellaneous Industrial leaders sustained moderate falls ranging to 6. Glaxo were that amount down at 612p, while losses of 5 were seen in Beecham, 650p, and Bowater, 183p. Metal Box moved against the trend with a fresh gain of 3 to 340p, still reflecting the recent permission for price increases. Among secondary issues, Cape Industries were a late dull spot at 124p, down 11 on the reduced interim profits and for a like reason Compton Sons and Webb reacted 2½ to 26½p. Sears, 1 easier at 63½p, were little affected by interim profits much in line with expectations. In contrast, Campari rose 4 more to 101p on further consideration of Monday's excellent preliminary profits. Black Arrow also rose 4 to 21p, mirroring the chairman's encouraging statement on first-half trading. Dundonian appreciated 4 to 58p in response to its tin interests, while B. S. and W. Whiteley advanced the same amount to 44p awaiting fresh developments in the bid approach. Nervousness ahead of next Monday's interim results left Lesney 4 lower at 66p and Spink and Son, a good market of late on the possible offer, reacted to 300p as profit-taking set in before closing a net 15 down at 310p.

Motors and Distributors drifted gently lower on small selling and lack of support. Clayton Dewandre eased 2 to 138p awaiting fresh developments in the bid situation, while losses of 4 were seen in Dunlop, 87p, and Dowty, 156p. Pride and Clarke were lowered 6 to 224p in a restricted market. On the other hand, Godfrey Davis moved up 3 to 71p and Airflow Streamline improved 5 to 62p.

Among Newspapers, the lower half-yearly profits and absence of the hoped-for share split prompted a reaction of 30p to 720p, after 695p, in Thomson Organisation. But, in advertising issues, More O'Ferrall improved 2 to 60p following news that London and Provincial Poster had acquired a 9.42 per cent. holding in the company.

Glanfield up

The recent firmness in Properties gave way to slightly easier conditions. Losses of a penny or two were sustained by Land Securities, 220p, English, 40p, Capital and Counties, 49p, and MEPC, 118p; the last named failed to be helped by receipt of planning permission for the joint venture with Grosvenor Estates in Oxford Street. Elsewhere, speculative demand revived in Glanfield Securities which rose 10 to 225p. Other firm spots included Property Holding and Investment, 3 better at 225p while Joseph Webb, which were quoted ex the scrip issue on Monday, hardened a fraction to 134p. Profit-taking, however, clipped 5 from B. Smiley, at 180p, and 3 from Rush and Tompkins, at 84p.

Oils spent a quiet day with prices drifting lower in the absence of buying. British Petroleum, 916p, and the partly-paid, 387p, both declined about 4, while Shell, 600p, eased 2. North Sea-orientated issues declined under the lead of Siebens (UK), down 10 at 280p, while falls of 4 were sustained by LASMO Ordinary, 176p, Tricentrol, 186p, and Oil Exploration, 290p. Ultramar were also 4 lower at 258p.

Camellia Investments continued firmly, rising 11 to 223p for a two-day gain of 23 in sympathy with the strength of tea shares. Leonold Joseph Investment finished a penny firmer at 56p following the approval of the liquidation plans, while Aberdeen Investments, 50p, and International Pacific Securities, 110p, put on 3 apiece. Other Investment Trusts closed with a lengthy list of small falls. In Financials, Authority Investment hardened 2 to 24½p.

Shippings held up fairly well. P. & O. Deferred lost only a penny at 139p awaiting to-day's interim statement, while small selling in a thin market left Common Bros. 7 cheaper at 213p.

News of the company's plans to make a major effort this autumn to capture a significant portion of the U.K. market failed to generate much support for BAT Industries Deferred which declined 6 to 222p. Imps gave up 3 to 80p and A. Dunhill 5 to 430p.

Excited by the recent spate of bids, teas were fairly active and closed with a lengthy list of rises. Assam Frontier featured with a jump of 65 to 370p, after 400p, on the offer from Wrengate. Higher earnings lifted McLeod Russel 13 to 210p, while Blantyre, 370p, and Jokai, 230p, both closed 10 better and Assam Dooars improved 20 to 225p. Other firm spots included Warren Plantations, 6 up at 200p, and Assam Investments, 7 higher at 108p.

Hesitant Golds

South African gold shares were hesitant in front of to-day's International Monetary Fund auction. Although there was some book unloading and Cape profit-taking after the recent rise of the market, business was generally quiet.

The market started strongly but the buying petered out, leaving prices with a mixed appearance and the Gold Mines Index 0.1 lower at 148.0. The securities rand was slightly easier and the bullion price closed 25 cents lower at $155.125 an ounce.

Among the issues to maintain gains were Hartebeest at £12⅞, up ⅛, while Vaal Reefs were down the same amount to £13⅛. Grootvlei followed Monday's rise with a fall of 9 to 111p.

The hesitancy also affected financials. Among the premium stocks Anglo American were 7 easier at 297p. In the London issues, Consolidated Gold Fields lost 3 to 207p and Charter 1 to 143p. The tone of the industrial market and some profit-taking affected RTZ, which fell 5 to 195p.

Rhodesians remained steady with Coronation up 4 at 50p, Falcon gaining 3 to 153p and Rhodesian Corporation moving 1 harder to 18p.

There was a small business in Coppers, but no new features, and Roan Consolidated gave up Monday's gain when it fell 2 to 75p.

Tins remained quietly firm with Saint Piran the most actively traded stock in good two-way business which left the price 3 easier at 84p. Tronoh advanced 5 to a year's high of 178p on Eastern advices.

Australians were again quiet, remaining close to overnight levels despite the performance of Sydney. BH South did not react to another set of disappointing figures, staying steady at 92p.

FINANCIAL TIMES STOCK INDICES

	Oct. 4	Oct. 3	Sept. 30	Sept. 29	Sept. 28	[illegible]
Government Secs.	78.38	78.58	79.85	78.40	78.56	[illegible]
Fixed Interest	79.99	80.50	79.08	78.47	78.45	[illegible]
Industrial Ordinary	512.8	520.1	520.7	516.4	519.3	[illegible]
Gold Mines	148.0	148.1	146.1	144.5	146.4	[illegible]
Ord. Div. Yield	5.21	5.15	5.14	5.18	5.17	[illegible]
Earnings Y'ld % (full)	15.31	15.14	15.12	15.29	15.18	[illegible]
P/E Ratio (net)	9.31	9.43	9.43	9.31	9.39	[illegible]
Dealings marked	6,344	6,772	5,457	6,644	6,596	[illegible]
Equity turnover £m.	—	117.21	138.34	104.90	167.64	[illegible]
Equity bargains total	—	18,233	19,922	18,344	19,431	[illegible]

10 a.m. 514.1. 11 a.m. 512.9. Noon 512.5. 1 p.m. 512.4. 2 p.m. 513.0. 3 p.m. 513.2. Latest Index 01-246 8026.

*Based on 52 per cent. corporation tax. † Nil = 8.36.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1977 High	1977 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.83 (3/10)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	80.50 (3/10)	60.48 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (13/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	149.1 (28/9)	95.1 (1/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	[illegible]	[illegible]
Daily Gilt-Edged	[illegible]	[illegible]
Industries	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]
5-day Av'rage Gilt-Edged	[illegible]	[illegible]
Industries	[illegible]	[illegible]
Speculative	[illegible]	[illegible]
Totals	[illegible]	[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1977 high
GUS A	25p	10	332	−13	347
ICI	£1	9	422	−4	[illegible]
Imperial Group	25p	8	80	−3	[illegible]
Mining Supplies	10p	8	88	−4	[illegible]
BAT Inds.	25p	7	280	−4	[illegible]
Beecham	25p	7	650	−5	[illegible]
Currys	25p	7	190	−10	[illegible]
Grand Met.	50p	7	98	−4	[illegible]
Midland Bank	£1	7	373	−3	[illegible]
Rank Org.	25p	7	265	−4	[illegible]
RTZ	25p	7	195	−5	[illegible]
BP (Partly-paid)	£1	6	387	−3	[illegible]
GEC	25p	6	275	−3	[illegible]
Royal Insurance	25p	6	476	−6	[illegible]
Shell Transport	25p	6	600	−2	[illegible]

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977. New highs were too numerous to mention individually.

NEW HIGHS (163)
BRITISH FUNDS (1)
INTERNATIONAL BANK (1)
LOANS (MISCELLANEOUS) (1)
AMERICANS (1)
BANKS (9)
BUILDINGS (7)
CHEMICALS (2)
CINEMAS (1)
DRAPERY & STORES (6)
ELECTRICALS (7)
ENGINEERING (7)
FOODS (6)
HOTELS (1)
INDUSTRIALS (27)
MOTORS (1)
PAPER & PRINTING (5)
PROPERTY (3)
SHOES (1)
SOUTH AFRICANS (1)
TEXTILES (2)
TRUSTS (41)
OILS (2)
RUBBERS (1)
TEAS (16)
MINES (9)

NEW LOWS (2)
OVERSEAS TRADERS (1)
Aust. Agricultural
MINES (1)
M.I.M. Hldgs.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	[illegible]	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantation	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	[illegible]	[illegible]	[illegible]

RECENT ISSUES

EQUITIES

Issue Price p.	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p.	+ or −	Div. Amount	Times Covered	Gross Yield	P/E Ratio
845	300	16/12	400	347	BP £1pd.	387	−5	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p.	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p.	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

OPTIONS TRADED

DEALING DATES

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Sep. 27	Oct. 10	Dec. 29	Jan. 11
Oct. 11	Oct. 24	Jan. 12	Jan. 24
Oct. 25	Nov. 7	Jan. 26	Feb. 7

For rate indications see end of Share Information Service

Money was given for the call in Shell Transport, Oil Exploration, Burmah Oil, Carless Capel, Lesney Products, Berry Wiggins, Charterhall Finance, Lex Service Warrants, New Throgmorton Warrants, Cosalt, William Press, Bass Charrington, Cons. Gold Fields, Comben, Keyser Ullmann, P. and O. Deferred, Paringa, UDT, Phoenix Timber, Wearwell, Capital and Counties, First National 9½ per cent. loan, Dawson International, Gussies A and Adda International and Premier Consolidated Oil. Puts were done in UDS and Spinners of Godalming, while doubles were arranged in P. and O. Deferred, Berry Wiggins, BP partly-paid, Dawson International, Gussies A and Adda International. A short-dated put was taken out in UDS, while doubles were transacted in P. and O. Deferred and BP Partly-paid.

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Tue., Oct. 4, 1977 Index No.	Day's Change %	Est. Earnings Yield % (Max.) (Corp. Tax 52%)	Gross Div. Yield % (ACT at 34%)	Est. P/E Ratio (Net) (Corp. Tax 52%)	Mon. Oct. 3 Index No.	Fri. Sept. 30 Index No.	Thurs. Sept. 29 Index No.	Wed. Sept. 28 Index No.	Year ago (approx.)
1	CAPITAL GOODS (175)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering (Heavy) (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Engineering (General) (63)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
7	Machine and Other Tools (8)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Miscellaneous (19)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE) (53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods (12)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors (26)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE) (176)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (21)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper (14)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (38)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (24)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos (3)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS (98)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous (54)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (496)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils (4)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (100)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (6)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses (10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase (5)	187.59	−1.1	9.12	4.03	16.31	189.66	184.57	175.34	174.87	[illegible]
65	Insurance (Life) (10)	150.02	−1.1	—	5.50	—	151.76	147.24	143.97	143.82	[illegible]
66	Insurance (Composite) (7)	157.15	−1.4	—	4.91	—	159.34	156.81	152.56	152.23	[illegible]
67	Insurance Brokers (10)	351.26	−2.2	11.86	3.85	12.43	359.17	357.47	358.41	360.00	[illegible]
68	Merchant Banks (14)	95.23	+1.4	—	4.80	—	93.96	89.86	87.95	86.96	[illegible]
69	Property (31)	229.43	−0.5	2.71	2.57	71.56	230.60	227.09	226.95	228.37	[illegible]
70	Miscellaneous (7)	111.61	−1.4	19.43	6.73	7.17	113.18	109.89	108.40	106.30	[illegible]
71	Investment Trusts (50)	207.29	−0.6	2.81	4.16	35.61	208.56	206.68	205.26	206.36	[illegible]
81	Mining Finance (4)	99.03	−1.7	15.59	5.49	7.57	100.73	100.20	98.24	100.29	[illegible]
91	Overseas Traders (19)	286.72	−0.4	15.00	6.45	8.72	287.83	284.54	286.18	286.90	[illegible]
99	ALL-SHARE INDEX (673)	223.63	−1.1	—	4.91	—	226.05	224.45	221.85	222.98	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tue. Oct. 4	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	111.26	−0.14	—	7.03
2	5-15 years	127.41	−1.49	—	7.16
3	Over 15 years	135.12	−1.88	—	9.92
4	Irredeemables	147.60	−2.53	—	9.02
5	All stocks	123.52	−1.13	—	8.18

FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.

			Tue. Oct. 4	Mon. Oct. 3	Year ago (approx.)
1	Low Coupons	5 years	5.90	5.83	9.7[illegible]
2		15 years	9.14	8.84	12.8[illegible]
3		25 years	9.99	9.69	14.12
4	Medium Coupons	5 years	8.91	8.81	12.32
5		15 years	9.99	9.76	14.16
6		25 years	10.24	9.97	14.93
7	High Coupons	5 years	9.38	9.08	13.47
8		15 years	11.04	10.80	15.08
9		25 years	11.11	10.88	15.30
10	Irredeemables		11.11	10.88	15.32

		Tues., Oct. 4 Index No.	Tues., Oct. 4 Yield %	Monday Oct. 3	Friday Sept. 30	Thurs. Sept. 29	Wed. Sept. 28	Tues. Sept. 27	Monday Sept. 26	Friday Sept. 23	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	62.66	†11.87	62.61	61.50	61.01	59.00	58.53	58.28	57.66	46.61
16	Investment Trust Prefs. (15)	56.41	12.46	56.41	55.28	55.16	55.35	55.26	53.82	53.50	44.55
17	Coml. and Indl. Prefs. (20)	79.47	11.38	79.53	78.44	77.81	77.71	77.16	75.47	74.35	60.85

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	52.6	55.6	−0.7	5.06
BL Balanced*	47.9	51.2	.....	4.90
BL Dividend*	43.9	47.0	−0.4	8.04

*Prices Oct. 5. Next dealing day Oct. 12.

Grieveson Management Co. Ltd.
59 Gresham St., EC2P 2DS. 01-606 4433

Barr'gton Sept. 28	217.6	227.9	.....	3.65
(Accum. Units)	232.0	243.0	.....	3.65
B'igh H.Y. Sept. 28	168.5	176.5	.....	7.02
(Accum. Units)	189.2	198.2	.....	7.02
Endeavour Oct. 4	154.7	162.0	+0.8	2.25
(Accum. Units)	158.0	165.5	+0.8	2.25
Grnchstr. Sept. 30	83.9	87.6	.....	4.65
(Accum. Units)	85.4	89.3	.....	4.65
Ln.&Brsls Sept. 28	65.9	68.9	.....	3.67
(Accum. Units)	67.9	71.0	.....	3.67

BASE LENDING RATES

A.B.N. Bank	7 %	■ Hill Samuel	§ 7 %
Allied Irish Banks Ltd.	7 %	C. Hoare & Co.	† 7 %
American Express Bk.	7 %	Julian S. Hodge	8 %
Amro Bank	7 %	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullmann	7 %
Banco de Bilbao	7 %	Knowsley & Co. Ltd.	8½%
Bank of Credit & Cmce.	7 %	Lloyds Bank	7 %
Bank of Cyprus	7 %	London & European	8½%
Bank of N.S.W.	7 %	London Mercantile	7 %
Banque Belge Ltd.	7 %	Midland Bank	7 %
Banque du Rhone S.A.	7½%	■ Samuel Montagu	7 %
Barclays Bank	7 %	■ Morgan Grenfell	6½%
Barnett Christie Ltd.	8½%	National Westminster	7 %
Bremar Holdings Ltd.	8 %	Norwich General Trust	7½%
Brit. Bank of Mid. East	7 %	P. S. Refson & Co.	7 %
■ Brown Shipley	7 %	Rossminster Accept'cs	7 %
Canada Permanent AFI	7 %	Royal Bk. Canada Trust	7 %
Capitol C & C Fin. Ltd.	9 %	Schlesinger Limited	7 %
Cayzer Ltd.	7½%	E. S. Schwab	8½%
Cedar Holdings	8 %	Security Trust Co. Ltd.	8½%
■ Charterhouse Japhet	7 %	Shenley Trust	9½%
C. E. Coates	8 %	Standard Chartered	7 %
Consolidated Credits	7 %	Trade Dev. Bank	7 %
Co-operative Bank	* 7 %	Trustee Savings Bank	7 %
Corinthian Securities	7 %	Twentieth Century Bk.	8½%
Credit Lyonnais	7 %	United Bank of Kuwait	7 %
Duncan Lawrie	¶ 7 %	Whiteaway Laidlaw	7½%
Eagil Trust	7 %	Williams & Glyn's	7 %
English Transcont.	8 %	Yorkshire Bank	7 %
First London Secs.	7 %		
First Nat. Fin. Carpn.	8 %		
First Nat. Secs. Ltd.	8 %		
■ Antony Gibbs	7 %		
Goode Durrant Trust	7 %		
Greyhound Guaranty	7 %		
Grindlays Bank	‡ 7 %		
■ Guinness Mahon	7 %		
■ Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 3%; 1-month deposits 3½%.
† 7-day deposits on sums of £10,000 and under 3% up to £25,000 4% and over £25,000 4½%.
‡ Call deposits over £1,000 3%.
§ Demand deposits 4%.
¶ Rate also applies to Sterling Ind. Secs.

Save & Prosper Group♥
4, Gt. St. Helen's, Lndn., EC3P 3EP. 01-554 8899

Bal. Inv. Fd.	117.8	124.7	+0.2	—
Property Fd.*	134.0	141.9	.....	—
Gilt Fund	122.0	128.5	−1.9	—
Deposit Fd.**	120.0	126.4	+0.1	—
Equity Pens. Fd.	177.9	188.3	−2.4	—
Prop. Pens. Fd.*	184.5	195.3	.....	—
Co. Pens. Fd.†	194.3	206.7	.....	—

Prices on *Sept. 28. **Oct. 5. Weekly dealings.

Schroder Life Group♥
Enterprise House, Portsmouth. 0705 27733

Flex. Sept. 27	129.1	136.0	.....	—
Equity Sept. 20	228.3	—	.....	—
Equity 2 Sept. 20	221.0	232.7	.....	—
Prop. Sept. 27	138.8	146.2	.....	—
Fixed Int. Sept. 27	145.8	153.5	.....	—
Money Fund	104.6	110.2	.....	—
Deposit Sept. 27	110.8	116.7	.....	—
Pens. Cpn. Sept. 27	196.5	206.9	.....	—
Pen. Acc. Sept. 27	227.5	239.5	.....	—
Exec. Pen. Cap.	115.30		.....	—
Exec. Pen. Acc.	122.39		.....	—
Individual Life Funds				
Fixed Interest	156.3	164.6	+0.1	—
Equity	118.6	124.9	+2.7	—
Property	134.7	141.9	+1.1	—
Managed	141.4	149.0	+1.4	—
Money	114.4	120.5	+0.1	—
K. & S. Gilt Bds.	155.8	159.0	+2.0	—
K. & S. Govt. Sec.	131.6	138.6	+1.8	—
Commodity UT	102.0	107.4	+0.5	—
Growth UT	123.1	129.7	+1.3	—
Capital UT	126.7	133.5	+3.3	—
Income UT	137.7	145.1	+0.9	—
International UT	125.7	132.4	+1.5	—

Scottish Widows' Group
PO Box 902, Edinbrgh., EH16 5BU. 031-655 6000

Inv. Ply. Series 1	104.5	104.5	.....	—
Inv. Ply. Series 2	98.9	104.2	.....	—
Inv. Cash F. Oct. 3	95.2	100.3	.....	—
Ex. Ut. Tr. Sept. 21	135.4	141.2	.....	—
Mgd. Pens. Sept. 28	253.4	260.0	.....	—

Vanbrugh Life Assurance♥
41-43 Maddox St., Ldn. W1R 9LA. 01-499 4923

Managed Fd.	142.6	150.2	−1.0	—
Equity Fd.	232.0	244.3	−3.1	—
Intnl. Fund	91.4	96.3	+0.2	—
Fixed Interst Fd.	172.9	182.0	−2.1	—
Property Fd.	130.3	137.2	.....	—
Cash Fund	114.6	120.7	.....	—

Welfare Insurance Co. Ltd.♥
The Leas, Folkestone, Kent. 0303 57333

Cap. Growth Fund	203.9	.....	—
♦Exempt Flex. Fd.	123.7	.....	—
♦Exempt Prop. Fd.	81.0	.....	—
♦Expt. Inv. Tst. Fd.	140.3	.....	—
Flexible Fund	109.7	.....	—
Inv. Trust Fd.	132.5	.....	—
Moneymaker Fd.	101.2	.....	—
Property Fund	76.0	.....	—

Windsor Life Assur. Co. Ltd.
1 High Street, Windsor. Windsor 68144

Life Inv. Plans	67.8	71.4	.....	—
FutureAssd. Gth(a)	17.0		.....	—
FutureAssd. Gth(b)	47.0		.....	—
Ret. Assd. Pens.	£24.24		.....	—
Flex. Inv. Growth	103.4	108.8	.....	—

NOTES

Prices do not include $ premium, except where indicated ♦, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 27th September, 1977 (Base 100 at 14.1.77)

Clive Fixed Interest Capital	130.23
Clive Fixed Interest Income	122.59

CORAL INDEX: Close 512-517

INSURANCE BASE RATES

† Property Growth	7 %
Cannon Assurance	3½%

† Address shown under Insurance and Property Bond Table.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99¾	93⅛	Treasury 3pc '77‡‡	99¾	.....	3.01	5.34
99¼	94⅞	Transport 4pc '72-77	99¼	.....	4.01	5.36
101¾	95⅝	Treasury 9pc 1978‡‡	101¾	–⅛	8.86	5.50
103⅝	97⅝	Treasury 10½pc '78‡‡	103¾	–⅛	10.14	5.72
99½	90½	Exch. 5pc '76-78‡‡	99½	+⅛	5.02	5.53
106¾	95¾	Treas. 11½pc '79‡‡	106½	.....	10.80	6.66
97¼	84¾	Treasury 3pc '79‡‡	96	–¼	3.12	5.18
98¼	85⅛	Electric 4¼pc '74-79	97⅝xd	–¼	4.35	5.53
106¼	92	Treasury 10½pc '79‡‡	106¼xd	–⅛	9.89	7.28
96¼	84⅞	Electric 3½pc '76-79	96	–¼	3.65	5.52
107	87¼	Treasury 9pc 1980‡‡	106¼	–⅛	8.47	6.10
105⅛	88⅝	Treasury 9½pc '80‡‡	105	–⅛	9.05	7.34
95¼	82⅞	Treasury 3½pc '77-80	95⅝	–⅛	3.66	5.26
97	83¾	Funding 5¼pc '78-80‡‡	97	.....	5.41	6.47
111½	96⅛	Exchequer 13pc 1980‡‡	110¾	–⅛	11.74	8.98
108⅛	92¾	Treasury 11½pc 1981‡‡	107⅜	–⅛	10.71	8.87
94¼	77⅞	Treasury 3½pc 1979-81	94	–¼	3.72	5.47
103½	86⅛	Treasury 9¾pc 1981‡‡	103¼xd	–⅜	9.45	8.69
103½	97½	Exch. 9½pc 1981	102⅛	–⅜	9.30	8.82
98¼	97⅞	Treas. Variable '81	97⅞	–⅛	—	—
113⅜	96¼	Exch. 12¾pc 1981‡‡	112⅜	–⅛	11.35	9.07
100⅝	82⅞	Treas. 8½pc '80-82	100	–¼	8.50	8.48
93	71⅝	Treasury 3pc '82‡‡	92¾	–⅛	3.23	4.86
118¾	101⅝	Treasury 14pc '82‡‡	118⅛	–⅛	11.86	8.99
98½	97¼	Treas. Variable '82	97⅞	–⅛	—	—
98⅝	98¼	Treas. 8¼pc '82‡	98⅜	–⅛	8.38	8.66
101¾	93⅝	Exch. 9¼pc 1982	101½	–⅛	9.11	8.87
		Five to Fifteen Years				
87⅛	87	Exch. 3pc '83	87¼	.....	3.45	5.87
112½	95½	Treasury 12pc 1983‡‡	112	–⅛	10.77	9.29
49¼	45	Treas. 9½pc '83 £45pd	48⅝	–½	9.24	9.23
95½	72⅝	Funding 5½pc '82-84‡‡	93⅞	–⅞	5.94	6.96
100¾	77⅜	Treasury 8½pc '84-86‡‡	98½	–1	8.81	9.08
87⅞	66¼	Funding 6½pc '85-87‡‡	85⅝xd	–1	7.55	8.67
94	68½	Treasury 7¾pc '85-88‡‡	91⅝	–1	8.60	9.24
74¾	49⅛	Transport 3pc '78-88	71¼	–1¾	4.26	6.94
76¼	53⅞	Treasury 5pc '86-89	73½xd	–1¾	6.79	8.55
121¼	90	Treasury 13pc 1990‡‡	118	–2	11.30	10.73
94¾	67⅛	Treasury 8¼pc '87-90‡‡	91⅛	–1⅞	9.31	9.82
112	88¾	Treasury 11¾pc 1991	108½	–2	11.07	10.86
76½	53¾	Funding 5¾pc '87-91‡‡	73½xd	[illegible]	7.86	9.28
118	86¼	Treasury 12¾pc '92‡‡	114¾	–2	11.37	11.03
		Over Fifteen Years				
112½	89½	Exch. 12¼pc '92	109¾	–2	11.30	11.08
116¼	84½	Treasury 12½pc '93‡‡	113½	–2	11.30	11.04
73¾	51⅝	Funding 6pc 1993‡‡	70⅛	–1¾	8.60	9.76
126½	96	Treasury 13¾pc 1993‡‡	124	–2	11.56	11.17
129¼	99	Treasury 14½pc '94‡‡	125¾	–2	11.66	11.22
113¼	94⅝	Exch. 12½pc 1994	111	–2	11.35	11.15
96	66¼	Treasury 9pc '94‡‡	92⅞	–2	10.07	10.32
44¼	31⅜	Treas. 12pc '95 (£30pd)	40	–2¼	11.29	11.16
50½	32⅝	Gas 3pc '90-95	49xd	–1¼	6.09	8.69
120¾	87	Treasury 12¾pc '95‡‡	117¾	–2	11.31	11.08
92½	66¾	Treasury 9pc '92-96‡‡	89¼	–2	10.15	10.37
133¼	101⅛	Treasury 15¼pc '96‡‡	128¾xd	–2	11.73	11.36
124	89¾	Exchequer 13¼pc '96‡‡	121¼	–2	11.42	11.17
49¾	31½	Redemption 3pc 1986-96	48¼xd	–1	6.22	8.57
122½	87⅛	Treasury 13¼pc '97‡‡	119	–2	11.39	11.16
89⅝	64⅞	Treasury 8¾pc 1997‡‡	87¼	–2	10.12	10.36
72¾	50⅝	Treasury 6¾pc '95-98‡‡	70¾xd	–2	9.52	10.15
136½	103⅝	Treas. 15½pc '98‡‡	132¾	–2	11.69	11.39
97	65⅞	Treasury 9½pc 1999‡‡	93⅞	–2	10.35	10.45
44¾	27⅝	Funding 3½pc '99-04	42½	–1¼	8.39	9.57
82¼	57½	Treasury 8pc '02-06‡‡	78⅞xd	–2	10.14	10.29
59	40½	Treasury 5½pc '08-12‡‡	56¾	–1¾	9.82	10.08
80¾	53¼	Treasury 7¾pc '12-15‡‡	77⅝	–2	10.18	10.24
		Undated				
38⅞	26⅝	Consols 4pc	37½	–1	10.86	—
38½	25⅝	War Loan 3½pc‡‡	37	–1	9.77	—
39¼	26¼	Conv. 3½pc '61 Aft.	38	–1	9.21	—
28¼	20½	Treasury 3pc '66 Aft.	27½xd	–½	10.91	—
24	17¼	Consols 2½pc	23⅜xd	–½	10.69	—
23½	17¼	Treasury 2½pc	22⅞	–½	10.94	—

**INTERNATIONAL BANK

86¼	75½	5pc Stock '77-82	86¼xd	+¼	5.78	8.34

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 28¾% (based on $US1.7588 per £)

Conversion factor 0.7782 (0.7822)

CANADIANS

[illegible]

S.E. List Premium 28¾% (based on $1.9097 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INV. TRUSTS—Continued

Finance, Land, etc.

FINANCE, LAND—Continued

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

MINES—Continued

CENTRAL AFRICAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
64	30	Coronation [illegible]	50	+4	Q5c	[illegible]	[illegible]
153	70	Falcon Rh 50c	153	+3	[illegible]	[illegible]	[illegible]
18	9	Rhod'n Corp [illegible]	18	+1	[illegible]	4.3	[illegible]
165	75	Roan Cons [illegible]	75	−2	—	—	—
164	129	Tanganyika 50p	150	+1	Q11.0	1.1	[illegible]
72	70	Do. Pref. [illegible]	72		[illegible]	16.4	[illegible]
36	27	Wankie Col. Rh 1	36		[illegible]	ϕ	[illegible]
27½	12½	Zam Cpr SBD0.24	23½	.....	—	—	—

AUSTRALIAN

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
20	10	Acmex 25c	12		—	—	—
127	57	Bougainville [illegible]	60		Q10c	1.5	[illegible]
128	88	BH South 50c	92	+1	—	—	—
325	119	Conzinc Riotinto 50c	200	−3	Q9c	2.3	[illegible]
50	19	G.M. Kalgoorlie $1	47	+7	—	—	—
112	77	Hampton Areas 5p	94	−1	[illegible]	[illegible]	[illegible]
35	10	Metals Ex. 50c	10		—	—	—
242	138	M.I.M. Hldgs. 50c	138	−1	Q9c	ϕ	[illegible]
105	15	Mount Lyell 25c	15		—	—	—
2¾	1	Newmetal 10c	1½		—	—	—
120	83	North B. Hill 50c	97	+4	Q8c	1.5	5.2
8	4½	Nth. Kalgurli	7½	+1½	—	—	—
133	67	Oakbridge [illegible]	127	+2	Q11c	ϕ	5.5
55	20	Pacific Copper	42		—	—	—
£13	575	Pancont 125c	600		—	—	—
16½	8	Paringa M&Ex 5p	15	+1	—	—	—
555	355	Peko-Wallsend 50c	365	−5	Q15c	ϕ	[illegible]
—	—	Poseidon 20c	75		—	—	—
12	6	Vultan Min. 50c	12		—	—	—
164	99	Westn. Mining 50c	104		Q6c	ϕ	[illegible]
75	40	Whim Creek 20c	40		—	—	—

TINS

COPPER

MISCELLANEOUS

1977 High	Low	Stock	Price	+ or −	Div Net	Cvr	Yld Gr's
9½	9	Burma Mines 17½p	9		—	—	—
107	58	Colby Mines $C1	74	−1	—	—	—
600	290	Cons. Murch. 10c	300	−5	†Q140c	1.4	‡
475	290	Northgate C$1	320	−5	—	—	—
247	173	R.T.Z.	198	−5	t8.5	q3.1	6.6
70	31½	Sabina Inds. C$1	31½	.....	—	—	—
£14¼	£9½	Tara Explt. $1	£10½	.....	—	—	—
55	39	Tehidy Minerals 10p	55		1.21	ϕ	3.3
160	121	Yukon Cons. C$1	123	.....	Q6½c	3.6	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent, or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent, and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- △ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¤ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ✦ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital: cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1978. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 38

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	22	.....	Sheff. Refrshmt.	40	.....
Ash Spinning	40	.....	Shiloh Spinn.	20	.....

IRISH

OPTIONS

3-month Call rates

A selection of Options traded on the London Stock Exchange

FINANCIAL TIMES
Wednesday October 5 1977

Scanlon likely for NEB

By John Elliott, Industrial Editor

THE GOVERNMENT is expected to announce next week that Mr. Hugh Scanlon, president of the Amalgamated Union of Engineering Workers, is to be one of two new part-time members of the National Enterprise Board. The other is a well-known industrialist.

The announcement will come at a crucial time for the Board because of its involvement in the future of British Leyland.

Mr. Scanlon's union is the second biggest in Leyland and is at the centre of current labour problems.

The biggest is the Transport and General Workers.

Mr. Harry Urwin, its deputy general secretary, is already a member of the Board and has been critical recently of the motor company's style of management.

Mr. Scanlon is due to retire as union president in a year's time but his £1,000-a-year NEB appointment is likely to continue after that.

He and the new industrialist will bring the total number of Board members to 12, including Mr. Leslie Murphy, the new full-time chairman, and the full-time deputy chairman, a post which is vacant following Mr. Murphy's takeover as chairman from Lord Ryder.

The NEB is looking for candidates to fill the £26,000 a year deputy chairman's job.

The decision to enlarge the total size of the Board to 12 has been taken because of the work load carried by the Board's members.

Gandhi goes free despite Janata plea to court

BY OUR OWN CORRESPONDENT

NEW DELHI, Oct. 4.

INDIA'S Janata Government to-day petitioned the Delhi High Court, challenging the release earlier in the day of the former Prime Minister, Mrs. Indira Gandhi.

Mrs. Gandhi was released unconditionally after an 80-minute appearance in court on corruption charges. Mr. R. Dayal, the additional chief metropolitan magistrate of New Delhi, said there was not sufficient evidence to hold her in custody. "There are no grounds for believing the accusations are true," he said.

In its petition, the Government said the magistrate had no authority to release Mrs. Gandhi unconditionally. She should either have been remanded in custody or released on bail pending further proceedings in the cases against her, it maintained. The petition also challenged the magistrate's conclusion that the case was not well founded.

In court, however, counsel for the magistrate said the Central Bureau of Investigation had told him police custody was no longer required for Mrs. Gandhi. Moreover, the CBI unexpectedly chose not to press for remand.

Mrs. Gandhi appears to have lost nothing by the incident. There has been a swell of popular feeling that the Government has presented a poor case, and the court appearance provided an opportunity for Mrs. Gandhi's supporters to stage a dramatic show of solidarity. Pitched battles broke out around the courthouse as police moved in with teargas.

Another group of Gandhi supporters tried to storm the house of the Prime Minister, Mr. Morarji Desai. Several hundred of them broke a police cordon by hurling stones and they reached the gates of the Desai villa before being turned back.

In court, Mrs. Gandhi stood quietly in the dock while her counsel, Mr. Frank Anthony, asked for a discharge on the grounds that no evidence had been produced. The charges had been brought, he said, in a manner "full of illegalities." Accompanied by her two sons and their wives, she left the court at the end of the hearing and addressed a cheering rally outside.

The Janata Party had failed to solve the problems of the people, she said, and was persecuting her out of political vindictiveness.

The main charge against Mrs. Gandhi alleges that, with a Minister and an official, she awarded an oil-drilling contract worth $17.4m. to a French firm though a U.S. firm had submitted a $4m. tender.

The Janata Government has lost some credibility and questions are being asked throughout the country on its weak performance in court to-day: the CBI counsel's failure to seek a remand has left the impression that somehow he wanted the court to take the former Prime Minister off the Government's hands.

A lot of backstage activity appears to have preceded the court appearance. It may have related to Mr. Justice Shah's commission of inquiry into the alleged excesses by the Gandhi regime during the emergency.

After a 30-minute meeting with Mr. Desai, Mr. Justice Shah this morning announced indefinite postponement of the inquiry proceedings. He said proceedings would resume, but not until October 26.

This evening, however, an official announcement was issued denying that Mr. Justice Shah had resigned.

The speculation in New Delhi is that the court proceedings and the commission episode may not be unrelated.

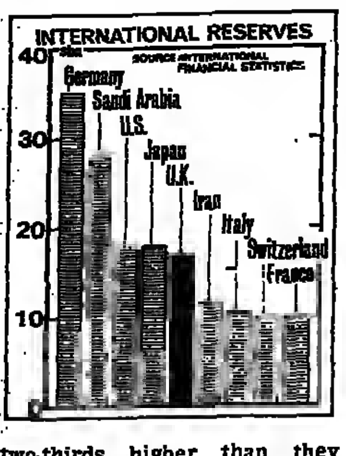
Supporters clear the way for Mrs. Gandhi as she leaves the Delhi court.

Editorial comment, Page 22

THE LEX COLUMN

Loss elimination at Sears

Index fell 7.3 to 512.8



Yesterday's $2.3bn. rise in U.K. official reserves takes the total up to $17.2bn.—a far cry from last December's $4.1bn. If they continue to pile up at such a rate the U.K. will soon overtake the U.S.A. and Japan. For those with short memories, just nine months ago U.K. reserves were a third the size of the Swiss and a quarter the size of the Japanese.

Sears Holdings

The market has taken Sears Holdings to its fancy in recent months as one of the more interesting recovery stocks, but the half-time figures only show a modest improvement, with pre-tax profits—excluding non-trading items—up from £15.3m. to £17.4m. Aside from a near £3m. improvement to £4.2m. at the pre-interest level by the betting side, which has prospered in this year's soft going, and a gain of over £2m. to £5.5m. by Selfridges, riding the Oxford Street tourist boom, most areas of the group have been fairly flat.

The largest division, footwear, has slipped back from £12.2m. to £11.4m., being unable to repeat the exceptional 1976 figures in more difficult weather conditions. Moreover, losses of £1.5m. by the knitting machinery operation have pulled the whole engineering division into the red. But there are hopes of a return to profits here in the second six months, which will also benefit from the absence of the Highlander knitwear subsidiary in the U.S., disposed of with effect from July: overall U.S. losses of £2.7m. in February-July could turn round to profits of more than £1m. in the current half-year.

So the chances are that the seasonally more important second half will show a much more substantial advance. The footwear side, for instance, is picking up after a poor summer, and an improving trend for consumer spending would bring welcome relief to the Lewis's stores which have been lagging badly. A rise in pre-tax profits from £42.5m. to, say, £50m. would lead to a p/e of around 10 at 65½p.

Thomson Org.

Thomson Organisation's share price slipped 30p to 720p following the £0.3m. fall in interim pre-tax profits to £5.0m. Even so the shares are still standing two-thirds higher than they were six months ago although the market is only up by just over a quarter, and there has been little change in the group's underlying prospects.

As expected the travel side made a loss during the period and exceptional costs of perhaps £3.5m. for currency guarantees incurred could cut travel profits in the full year to £3m., say. On the other hand regional newspapers and publishing achieved "substantially higher" trading profits and the group does not expect trading profits for the full year to be less than last year's £17.1m.

Meanwhile the North Sea oil operations of Thomson Scottish Associates are progressing well. Permission to increase the peak daily production of the Piper Field by a fifth has been granted, and Claymore should start producing oil in the fourth quarter of this year. By the second half of next year, TSA should have repaid a large part of its $350m. borrowing facilities and Thomson Organisation should be ready to exercise its option to acquire control of TSA's North Sea oil interests. Brokers Wood Mackenzie are currently valuing Thomson's oil interests at 650p per share.

UDS

UDS Group's interim report shows sales up 10½ per cent., in line with the sector, but while operating profits have increased by only 5.7 per cent. to £9.9m., at the pre-tax level UDS has been able to rely on a £1m. turnround in the deferred HP profit position to push the increase to almost a third at £4.4m.

The claw-back on credit sales is apparently due to a policy change in the pattern of the group's credit trading during the period away from consumer durables to soft goods with shorter credit periods. The John Myers mail order business, which accounts for about 35 per cent. of UDS's home shopping division and is currently the subject of a big agency recruitment campaign, is said to have made a better contribution than last year. But overall there have been no marked changes in divisional results.

Sales for the first eight weeks of the second half are reported to be up 18 per cent. and market estimates of the full year's pre-tax total range from £20m. to £22m., against £16m. in 1976-77. The most pessimistic of these puts UDS on a prospective p/e of 10.9, assuming the tax charge will be about 40 per cent. At 86p the yield is 8.6 per cent.

Grattan

The market did not like the signs of shrinking margins at Grattan Warehouses in the first half, and the highly cautious comment on the remainder of the year, indicating no more than that sales are "ahead" of autumn/winter catalogue sales a year ago, and the shares slipped 15p to 144p. In fact sales rose quite strongly in the first six months—though the gain of 17 per cent. was two points less than Freemans—but the problems with slow moving ladies' fashion lines appear to have been more serious than the weak summer clothing sales reported by Freemans, and Grattan's exceptional write-downs could have amounted to £200,000 or so. So the rise in pre-tax profits has been limited to 13 per cent. at £6.09m. All the same, Grattan has still made a teeth more profit than Freemans on almost the same sales volume.

Sales at present are unexciting, and there is some uncertainty arising from Grattan's inability so far to secure a Stage Two pay settlement. A good Christmas selling season could still, of course, brighten the picture substantially. But for the moment the market is continuing to rate the shares well below those of Freemans and Empire, assuming a little less than £13.5m. pre-tax for the year the prospective p/e is under 10.

TUC to make changes at top

By Christian Tyler, Labour Editor

IMPORTANT CHANGES are to be made at the top of the TUC. Mr. David Lea, head of the Economic Department at Congress House, and Mr. Ken Graham, head of the Organisation Department, have been appointed assistant general secretaries.

Mr. Norman Willis, sole assistant general secretary at present, becomes deputy general secretary.

The moves, yet to be announced, will clearly help spread the work load for Mr. Len Murray, the general secretary, whose health has caused worry in the trade union movement since his heart attack.

But they may also advance the candidature of Mr. Lea as a possible successor to Mr. Murray. On the other hand, there is a feeling in some parts of the movement that Mr. Lea is still too young, at about 40, to be next-in-line.

His promotion might also be resisted by some Left-wingers on the General Council who are anxious to break what they claim is too close a contact between the TUC bureaucracy and Treasury officials.

There is talk of a move behind Mr. Terry Parry, the Left-wing general secretary of the Fire Brigades Union, if Mr. Murray were to retire early.

Some people interpret the changes as damaging the chances of Mr. Willis. But others maintain that Mr. Willis has deliberately kept out of the limelight, and is widely underrated as a candidate for the job of general secretary.

The appointments, which carry an increase in salary, were ratified by the last meeting of the General Council.

Accountants opt for interim inflation guidelines

BY MICHAEL LAFFERTY

MR. DOUGLAS MORPETH's Inflation Accounting Steering Group will not publish revised inflation accounting proposals later this year after all. This has been decided by the presidents of the six main accountancy bodies which make up the Consultative Committee of Accountancy Bodies.

Instead, the consultative committee leaders have decided to leave the way clear for the separate and so-called interim inflation accounting guidelines for larger companies being prepared by a group headed by Mr. William Hyde, a leading member of the Accounting Standards Committee.

The Hyde guidelines are already said to have received considerable support from senior accountants and they will probably be published later this month—a month ahead of schedule.

The presidents' decision to refuse publication of revised Morpeth proposals this year conflicts with Morpeth. Two months ago, he said, that he would publish four discussion papers in November. Mr. Morpeth was not available for comment yesterday.

Although the part Government-financed Morpeth group is still charged with working out a longer term solution to the inflation accounting problem, following the collapse of its earlier proposals, the presidents seem to have decided that the profession should now concentrate on the interim initiative. They feel that publication of both sets of proposals at about the same time would lead to confusion.

The presidents' decision is likely to be supported by all the major accounting firms.

Mr. Michael Renshall, former technical director of the English Institute of Chartered Accountants and now a partner in Peat Marwick Mitchell, said yesterday that it would be sensible to have "a decent lapse of time" between publication of the Hyde guidelines and any revised Morpeth proposals.

Steel plant to close in redundancy cash pact

By Roy Hodson

BRITISH Steel Corporation plans to secure voluntary redundancies by local agreements have had their first major success in Glasgow.

The 300-strong workforce at the Clyde Ironworks has requested the closure of the works in return for appropriate compensation, and the corporation has agreed.

Clyde Iron is one of the old iron and steel works scheduled for closure but being kept open for social reasons as a result of recommendations by Lord Beswick in 1975, when he was Minister of State at the Department of Industry.

Big losses

The 60-year-old works was due to close in 1980. But the workers have agreed to leave now in return for lump sum compensation which may amount in some cases to £3,000.

In recent weeks the poor demand for iron and steel has meant that the plant has been at a low level of production, and workesr have seen their earnings reduced to the minimum guaranteed working week.

British Steel is now losing in the region of £7m. a week and is havin gto switch the trickle of new orders available to its newer and more efficient works at the expense of the "Beswick" plants. The corporatin is losing more than £65m. a year as a result of its commitment to keep these old plants open. The offer of lump sum redundancy payments is an attempt by the corporation to buy itself out of a loss-making situation at the old works.

Resisted

The Clyde Ironworks closure has been resisted by the Iron and Steel Trades Federation. But the fact that it has been successfully arranged will make it easier for British Steel to negotiate similar closures of outdated plant in Scotland, the Midlands, and South Wales.

Last year the Scottish division of British Steel was rsponsible for more than £50m. of the corporation's overall £90m. losses.

Within recent weeks steel workers at Corby, Northamptonshire, and East Moors, Cardiff, have also volunteered for redundancy in return for lump sum payments.

National haulage company has agreed big rise, says Law

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

A NATIONAL haulage company has agreed to a 35 per cent. wage increase, Mr. Alan Law, a Midlands Secretary of the Transport and General Workers Union, claimed last night.

Not only was the deal in clear breach of the 10 per cent. earnings limit, but it was also backdated to March 21, he added.

Mr. Law maintained that the London-based company with 16 depots throughout the country, had decided to ignore the threat of Government sanctions.

"Management told the Minister that as they had no public contracts there was nothing he could do about it."

Mr. Law, who said he had refused to discuss the matter with the Department of Employment, insisted the deal was "only the tip of the iceberg."

"None of my 11,000 members will be settling for anything less than 15 per cent. on basic rates."

The reported deal is of particular significance as Mr. Law and the Midlands drivers have traditionally acted as pace-setters in the annual wage round.

Mr. Law reported that the company's 250 drivers would receive the equivalent of an extra £9 a week on their basic £28 wage.

The men, who deliver films throughout the country, often work nights and as such, their earnings are boosted by overtime rates.

In Coventry, 1,000 lorry-drivers are demanding pay increases of about 50 per cent., backed by a threat of strike action if necessary.

Anti-apartheid move by Midland Bank associate

BY MICHAEL BLANDEN

THE CAMPAIGN by anti-apartheid groups to persuade the Midland Bank to stop loans to South Africa has scored a major success with reports that the bank's U.S.-based associate, European American Banking Corporation, has decided to grant no further credits to South Africa except for the financing of current trade.

Midland confirmed yesterday that the decision was made at the beginning of this year and conveyed in a letter from Mr. H. Ed Ekhlom, chairman of European American, to the World Council of Churches in Geneva.

At the Midland Bank annual meeting in April, Lord Armstrong, the chairman, defended the bank's policy toward South Africa. It appears that the bank was not then aware of the commitment by European American.

The campaign against involvement of the banks has been organised by the End Loans to Southern Africa group, bringing together a number of anti-apartheid organisations, Church groups and local authorities, as well as other investors.

Formal resolutions to end such loans have been put forward at the Midland Bank annual meetings in each of the past two years.

Continued from Page 1

Carter

own commitment to human rights, must recognise that a "true and lasting peace in the Middle East must also respect the rights of all the peoples of the area."

But, he stressed, it was not up to the United States to decide how to define and implement these rights. "We do not intend to impose from the outside a settlement on the nations of the Middle East," he said.

On other subjects, the President said that the U.S. fully supported Britain's efforts to bring about "a peaceful rapid transition to majority rule and independence in Zimbabwe" and called on other nations to "exercise restraint" in southern Africa "so that we can bring about majority rule and avoid a widening war that could engulf the southern half of the continent."

The President also dwelt on the need to ratify the Panama Canal Treaty and said that the Soviet Union "were close" to exercising [illegible] Indian Ocean, and again "with a [illegible] stabilise our [illegible] and an escalation [illegible] competition."

Continued from Page 1

Callaghan warning on pay and prices

unemployment going up again."

Against the background of a General Election in the next year or so the implications were clearly taken on board by the trade union delegates and by the rank-and-file. They were in no mood for trouble.

The Premier's speech, although diffuse in places, was well received, and he was given a generous standing ovation. The contrast with last year's raucous conference hostilities was dramatic.

"We have brought the country through the bad times. Now let us take them forward into the better times," he said. In particular, no one should under-rate the importance of the financial success that the last year had produced.

It offered renewed confidence in industry because Britain's industrial future would be based on a strong currency, record reserves, a surplus in the balance of trade, falling interest rates and falling inflation.

On price control, Mr. Callaghan mentioned that a number of nationalised industries had already undertaken to limit increases to the degree of inflation. In the private sector, the Government would use the Price Commission Act "rigorously" to ensure that no irresponsible increases took place.

He gave further tantalising hints of reflation by pointing out that some action could be taken in the autumn to reduce taxes. Further measures in line with the Government's strategy would be taken next spring, depending on how the economic situation developed.

The construction industry, which was particularly dependent on public expenditure and had therefore suffered unduly from unemployment following the cuts, would receive priority in any stimulus to the economy later this year, Mr. Callaghan promised.

He underlined the advantage of the Lib-Lab pact in maintaining the minority administration in power, but stressed that Labour would fight the next election totally indepdent of the Liberals and all other parties, and go for an outright majority.

Weather

U.K. TO-DAY

SUNNY intervals and showers. Temperatures mostly near normal.

London, S.E. Cent. S. England, E. Midlands

Sunny intervals, scattered showers. Max. 15C (59F).

E. Anglia, E. and N.E. England

Rain at first, becoming brighter. Max. 14C (57F).

W. Midlands, Channel Is., S.W., N.W., Cent. N. England, N. and S. Wales, Lake District, Isle of Man, Borders, Edinburgh, Dundee, Aberdeen, S.W. Scotland, Glasgow, N. Ireland

Sunny intervals, heavy showers in places. Max. 12-14C (54 to 57F.).

Cent. Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland.

Mostly cloudy, scattered rain. Max 11C (52F).

Outlook: Little change.

BUSINESS CENTRES

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Amstdm.	C	15	59	Madrid	S	25	77
Athens	S	22	72	Manchestr.	C	14	57
Bahrain	S	35	95	Melbourne	C	18	65
Barcelona	C	21	70	Milan	S	17	63
Beirut	S	26	79	Montreal	C	9	48
Belfast	C	11	52	Moscow	C	8	46
Belgrade	S	15	59	Munich	S	14	57
Berlin	C	11	52	Newcastle	F	13	55
Brmghm.	F	13	55	New York	C	14	[illegible]
Bristol	C	14	57	Oslo	R	4	39
Brussels	F	14	57	Paris	C	14	57
Budapest	C	15	59	Perth	C	18	65
B. Aires	C	14	57	Prague	C	12	54
Cairo	S	30	86	Reykjavik	C	8	46
Cardiff	F	14	57	Rio de J'o	S	28	82
Cologne	C	11	52	Rome	S	22	72
Copnhagn.	R	9	48	Singapore	S	28	82
Dublin	C	13	55	Stockholm	C	7	45
Edinburgh	C	13	55	Strasbrg.	C	16	61
Frankfort	C	15	59	Sydney	C	22	72
Geneva	S	16	61	Tehran	S	29	84
Glasgow	C	12	54	Tel Aviv	S	26	79
H. Kong	C	25	77	Toronto	S	15	59
Jo'burg	S	23	74	Tokyo	R	18	[illegible]
Lisbon	S	20	68	Vienna	F	16	61
London	F	16	61	Warsaw	C	9	48
Luxemb'g	C	11	52	Zurich	F	12	54

HOLIDAY RESORTS

		Y'day mid-day °C	°F			Y'day mid-day °C	°F
Ajaccio	F	22	72	Jersey	R	14	57
Akrotiri	S	26	79	Las Plms.	F	24	75
Algiers	S	28	82	Locarno	F	16	61
Biarritz	C	17	63	Majorca	S	24	75
Blackpool	C	13	55	Malaga	S	24	75
Bordeaux	F	20	68	Malta	S	23	73
Boulogne	C	15	59	Nairobi	S	23	74
Casablnca.	C	21	70	Naples	S	22	72
Cape Town	S	20	68	Nice	S	21	70
Dubrovnik	S	18	64	Oporto	C	17	63
Faro	C	23	73	Rhodes	S	24	75
Florence	S	21	70	Salzburg	S	15	59
Funchal	F	22	72	Tangier	S	22	72
Gibraltar	S	23	73	Tenerife	F	24	75
Guernsey	C	14	57	Tunis	S	25	77
Innsbruck	S	16	61	Valencia	F	23	73
Inverness	C	11	52	Venice	S	18	64

R—Rain. S—Sunny. F—Fair. C—Cloudy.

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